UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-11919

TTEC Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**84-1291044** (I.R.S. Employer Identification No.)

9197 South Peoria Street
Englewood, Colorado 80112
(Address of principal executive offices)

Registrant's telephone number, including area code: (303) 397-8100

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of each exchange on which registered
Common stock of TTEC Holdings, Inc., $0.01 par value per share	TTEC	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☑	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐
			Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

As of July 29, 2021, there were 46,985,329 shares of the registrant's common stock outstanding.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
JUNE 30, 2021 FORM 10-Q
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Amounts in thousands, except share amounts)
(Unaudited)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 174,742	$ 132,914
Accounts receivable, net of allowance of $5,940 and $5,067	354,662	378,397
Prepaids and other current assets	131,566	104,597
Income and other tax receivables	46,091	40,894
Total current assets	707,061	656,802
Long-term assets		
Property, plant and equipment, net	168,685	178,706
Operating lease assets	106,735	120,820
Goodwill	733,940	363,502
Deferred tax assets, net	19,606	15,081
Other intangible assets, net	227,553	112,059
Other long-term assets	74,048	69,438
Total long-term assets	1,330,567	859,606
Total assets	$ 2,037,628	$ 1,516,408
LIABILITIES, STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY		
Current liabilities		
Accounts payable	$ 66,858	$ 66,658
Accrued employee compensation and benefits	156,585	163,658
Other accrued expenses	44,319	55,915
Income tax payable	11,781	19,709
Deferred revenue	82,754	39,956
Current operating lease liabilities	42,891	43,651
Other current liabilities	5,022	6,623
Total current liabilities	410,210	396,170
Long-term liabilities		
Line of credit	834,000	385,000
Deferred tax liabilities, net	6,064	7,747
Non-current income tax payable	20,706	22,291
Non-current operating lease liabilities	83,146	98,277
Other long-term liabilities	96,401	96,185
Total long-term liabilities	1,040,317	609,500
Total liabilities	1,450,527	1,005,670
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interest	54,800	52,976
Stockholders' equity		
Preferred stock; $0.01 par value; 10,000,000 shares authorized; zero shares outstanding as of June 30, 2021 and December 31, 2020	—	—
Common stock; $0.01 par value; 150,000,000 shares authorized; 46,893,465 and 46,737,033 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	469	467
Additional paid-in capital	358,423	360,293
Treasury stock at cost; 35,158,788 and 35,315,220 shares as of June 30, 2021 and December 31, 2020, respectively	(598,627)	(601,214)
Accumulated other comprehensive income (loss)	(78,328)	(72,156)
Retained earnings	834,967	757,312
Noncontrolling interest	15,397	13,060
Total stockholders' equity	532,301	457,762
Total liabilities, stockholders' equity and mezzanine equity	$ 2,037,628	$ 1,516,408

The accompanying notes are an integral part of these consolidated financial statements.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(Amounts in thousands, except per share amounts)
(Unaudited)

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Revenue	$ 554,794	$ 453,081	$ 1,094,013	$ 885,294
Operating expenses				
Cost of services (exclusive of depreciation and amortization presented separately below)	400,323	337,306	788,983	658,863
Selling, general and administrative	61,300	47,360	114,057	97,194
Depreciation and amortization	24,916	18,660	45,376	37,532
Restructuring charges, net	1,725	793	2,126	1,331
Impairment losses	700	—	4,217	696
Total operating expenses	488,964	404,119	954,759	795,616
Income from operations	65,830	48,962	139,254	89,678
Other income (expense)				
Interest income	230	491	409	855
Interest expense	(3,381)	(3,104)	(5,183)	(12,696)
Other income (expense), net	1,047	(1,761)	249	1,635
Total other income (expense)	(2,104)	(4,374)	(4,525)	(10,206)
Income before income taxes	63,726	44,588	134,729	79,472
Provision for income taxes	(11,353)	(11,039)	(27,332)	(21,238)
Net income	52,373	33,549	107,397	58,234
Net income attributable to noncontrolling interest	(5,004)	(2,224)	(9,610)	(5,375)
Net income attributable to TTEC stockholders	$ 47,369	$ 31,325	$ 97,787	$ 52,859
Other comprehensive income (loss)				
Net income	$ 52,373	$ 33,549	$ 107,397	$ 58,234
Foreign currency translation adjustments	2,263	10,980	(3,490)	(18,834)
Derivative valuation, gross	219	5,101	(3,446)	(5,448)
Derivative valuation, tax effect	(59)	(1,317)	892	1,429
Other, net of tax	(24)	119	12	246
Total other comprehensive income (loss)	2,399	14,883	(6,032)	(22,607)
Total comprehensive income (loss)	54,772	48,432	101,365	35,627
Less: Comprehensive income attributable to noncontrolling interest	(3,668)	(1,867)	(6,702)	(3,567)
Comprehensive income attributable to TTEC stockholders	$ 51,104	$ 46,565	$ 94,663	$ 32,060
Weighted average shares outstanding				
Basic	46,840	46,619	46,792	46,559
Diluted	47,409	46,861	47,388	46,838
Net income per share attributable to TTEC stockholders				
Basic	$ 1.01	$ 0.67	$ 2.09	$ 1.14
Diluted	$ 1.00	$ 0.67	$ 2.06	$ 1.13
Dividends declared and not paid per share outstanding	$ —	$ —	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity and Mezzanine Equity
(Amounts in thousands)
(Unaudited)

Three months ended June 30, 2020 and 2021

	Stockholders' Equity of the Company								
	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling interest	Total Equity	Mezzanine Equity
Balance as of March 31, 2020	46,597	$ 466	$ (603,531)	$ 355,734	$ (143,208)	$ 778,909	$ 13,036	$ 401,406	$ 53,367
Net income	—	—	—	—	—	31,325	1,664	32,989	560
Dividends to shareholders ($0.00 per common share)	—	—	—	—	—	—	—	—	—
Acquisition of noncontrolling interest	—	—	—	—	—	—	—	—	99
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(3,000)	(3,000)	—
Foreign currency translation adjustments	—	—	—	—	10,777	—	203	10,980	—
Derivatives valuation, net of tax	—	—	—	—	3,784	—	—	3,784	—
Vesting of restricted stock units	85	1	1,414	(2,823)	—	—	—	(1,408)	—
Equity-based compensation expense	—	—	—	3,057	—	—	—	3,057	—
Other, net of tax	—	—	—	—	119	—	—	119	—
Balance as of June 30, 2020	46,682	$ 467	$ (602,117)	$ 355,968	$ (128,528)	$ 810,234	$ 11,903	$ 447,927	$ 54,026

	Stockholders' Equity of the Company								
	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling interest	Total Equity	Mezzanine Equity
Balance as of March 31, 2021	46,819	$ 468	$ (599,851)	$ 359,030	$ (80,713)	$ 787,598	$ 13,709	$ 480,241	$ 54,674
Net income	—	—	—	—	—	47,369	3,654	51,023	1,350
Dividends to shareholders ($0.00 per common share)	—	—	—	—	—	—	—	—	—
Acquisition of noncontrolling interest	—	—	—	—	—	—	—	—	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(1,980)	(1,980)	(1,224)
Foreign currency translation adjustments	—	—	—	—	2,249	—	14	2,263	—
Derivatives valuation, net of tax	—	—	—	—	160	—	—	160	—
Vesting of restricted stock units	74	1	1,224	(3,978)	—	—	—	(2,753)	—
Equity-based compensation expense	—	—	—	3,371	—	—	—	3,371	—
Other, net of tax	—	—	—	—	(24)	—	—	(24)	—
Balance as of June 30, 2021	46,893	$ 469	$ (598,627)	$ 358,423	$ (78,328)	$ 834,967	$ 15,397	$ 532,301	$ 54,800

Six months ended June 30, 2020 and 2021

	Stockholders' Equity of the Company								
	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling interest	Total Equity	Mezzanine Equity
Balance as of December 31, 2019	46,489	$ 465	$ (605,314)	$ 356,409	$ (106,234)	$ 773,218	$ 13,186	$ 431,730	$ 48,923
Net income	—	—	—	—	—	52,859	3,880	56,739	1,495
Dividends to shareholders ($0.34 per common share)	—	—	—	—	—	(15,843)	—	(15,843)	—
Acquisition of noncontrolling interest	—	—	—	—	—	—	—	—	3,849
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(4,850)	(4,850)	(241)
Foreign currency translation adjustments	—	—	—	—	(18,521)	—	(313)	(18,834)	—
Derivatives valuation, net of tax	—	—	—	—	(4,019)	—	—	(4,019)	—
Vesting of restricted stock units	193	2	3,197	(6,417)	—	—	—	(3,218)	—
Equity-based compensation expense	—	—	—	5,976	—	—	—	5,976	—
Other, net of tax	—	—	—	—	246	—	—	246	—
Balance as of June 30, 2020	46,682	$ 467	$ (602,117)	$ 355,968	$ (128,528)	$ 810,234	$ 11,903	$ 447,927	$ 54,026

	Stockholders' Equity of the Company								
	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling interest	Total Equity	Mezzanine Equity
Balance as of December 31, 2020	46,737	$ 467	$ (601,214)	$ 360,293	$ (72,156)	$ 757,312	$ 13,060	$ 457,762	$ 52,976
Net income	—	—	—	—	—	97,787	6,562	104,349	3,048
Dividends to shareholders ($0.43 per common share)	—	—	—	—	—	(20,132)	—	(20,132)	—
Acquisition of noncontrolling interest	—	—	—	—	—	—	—	—	—
Dividends distributed to noncontrolling interest	—	—	—	—	—	—	(4,365)	(4,365)	(1,224)
Foreign currency translation adjustments	—	—	—	—	(3,630)	—	140	(3,490)	—
Derivatives valuation, net of tax	—	—	—	—	(2,554)	—	—	(2,554)	—
Vesting of restricted stock units	156	2	2,587	(9,269)	—	—	—	(6,680)	—
Equity-based compensation expense	—	—	—	7,399	—	—	—	7,399	—
Other, net of tax	—	—	—	—	12	—	—	12	—
Balance as of June 30, 2021	46,893	$ 469	$ (598,627)	$ 358,423	$ (78,328)	$ 834,967	$ 15,397	$ 532,301	$ 54,800

The accompanying notes are an integral part of these consolidated financial statements.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows from operating activities		
Net income	$ 107,397	$ 58,234
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	45,376	37,532
Amortization of contract acquisition costs	350	205
Amortization of debt issuance costs	447	366
Imputed interest expense and fair value adjustments to contingent consideration	1,046	1,941
Provision for credit losses	155	607
(Gain) loss on disposal of assets	386	17
Loss on dissolution of subsidiary	—	2,467
Impairment losses	4,217	696
Deferred income taxes	(5,522)	3,289
Excess tax benefit from equity-based awards	(3,340)	(403)
Equity-based compensation expense	7,399	5,976
(Gain) loss on foreign currency derivatives	21	114
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	48,515	(26,007)
Prepaids and other assets	3,175	30,287
Accounts payable and accrued expenses	(18,062)	35,572
Deferred revenue and other liabilities	(58,721)	(45,615)
Net cash provided by operating activities	132,839	105,278
Cash flows from investing activities		
Proceeds from sale of long-lived assets	29	16
Purchases of property, plant and equipment, net of acquisitions	(23,593)	(31,915)
Acquisitions, net of cash acquired of $18,638 and $3,123, respectively	(481,718)	(4,421)
Net cash used in investing activities	(505,282)	(36,320)
Cash flows from financing activities		
Net proceeds (borrowings) from line of credit	449,000	410,000
Payments on other debt	(3,522)	(4,356)
Payments of contingent consideration and hold back payments to acquisitions	(11,517)	(48,686)
Dividends paid to shareholders	(20,132)	(15,843)
Payments to noncontrolling interest	(5,589)	(5,091)
Tax payments related to issuance of restricted stock units	(6,680)	(3,218)
Payments of debt issuance costs	(1,102)	(35)
Net cash provided by financing activities	400,458	332,771
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,930)	(4,645)
Increase in cash, cash equivalents and restricted cash	26,085	397,084
Cash, cash equivalents and restricted cash, beginning of period	159,015	105,591
Cash, cash equivalents and restricted cash, end of period	$ 185,100	$ 502,675
Supplemental disclosures		
Cash paid for interest	$ 4,637	$ 5,924
Cash paid for income taxes	$ 46,723	$ 10,605
Non-cash investing and financing activities		
Acquisition of long-lived assets through finance leases	$ 625	$ 1,599
Acquisition of equipment through increase in accounts payable, net	$ (2,727)	$ (2,169)

The accompanying notes are an integral part of these consolidated financial statements.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(1) OVERVIEW AND BASIS OF PRESENTATION

Summary of Business

TTEC Holdings, Inc. ("TTEC", or "the Company") is a leading global customer experience as a service ("CXaaS") partner for many of the world's iconic brands, Fortune 1000 companies, government agencies, and disruptive growth companies. TTEC helps its clients deliver frictionless customer experiences, strengthen customer relationships, brand recognition and loyalty through personalized interactions, improve their Net Promoter Score, customer satisfaction and quality assurance, and lower their total cost to serve by combining innovative digital solutions with best-in-class service capabilities to enable and deliver simplified, consistent and seamless customer experience across channels and phases of the customer lifecycle. TTEC's 58,500 employees serve clients in the automotive, communication, financial services, national/federal and state and local governments, healthcare, logistics, media and entertainment, e-tail/retail, technology, travel and transportation industries via operations in the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Costa Rica, Germany, Greece, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, South Africa, Thailand, and the United Kingdom.

The Company reports its financial information based on two segments: TTEC Digital and TTEC Engage.

- **TTEC Digital** provides the CX technology services and platforms to support the Company's clients' customer interaction delivery infrastructure. The segment designs, builds and operates the omnichannel ecosystem in a cloud, on premise, or hybrid environment, and fully integrates, orchestrates, and administers highly scalable, feature-rich CX technology applications.
- **TTEC Engage** provides the CX managed services to support the Company's clients' end-to-end customer interaction delivery, by providing the essential CX omnichannel and application technologies, human resources, recruiting, training and production, at-home or facility-based delivery infrastructure on a global scale, and engagement processes. This segment provides full-service digital, omnichannel customer engagement, supporting customer care, customer acquisition, growth and retention, and fraud detection and prevention services.

TTEC Digital and TTEC Engage strategically come together under the Company's unified offering, Humanify® Customer Experience as a Service, which drives measurable customer results for clients through the delivery of personalized, omnichannel experiences. The Company's Humanify® cloud platform provides a fully integrated ecosystem of CX offerings, including messaging, artificial intelligence, machine learning, robotic process automation, analytics, cybersecurity, customer relationship management, knowledge management, journey orchestration, and traditional voice solutions. The Company's end-to-end platform differentiates the Company from many competitors by combining design, strategic consulting, best-in-class technology, data analytics, process optimization, system integration and operational excellence.

Basis of Presentation

The Consolidated Financial Statements are comprised of the accounts of TTEC, its wholly owned subsidiaries, its 55% equity owned subsidiary Percepta, LLC, its 70% equity owned subsidiary First Call Resolution, LLC and its 70% equity owned subsidiary Serendebyte, Inc. (see Note 2). All intercompany balances and transactions have been eliminated in consolidation.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The unaudited Consolidated Financial Statements do not include all of the disclosures required by accounting principles generally accepted in the U.S. ("GAAP"), pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The unaudited Consolidated Financial Statements reflect all adjustments which, in the opinion of management, are necessary to state fairly the consolidated financial position of the Company and the consolidated results of operations and comprehensive income (loss) and the consolidated cash flows of the Company. All such adjustments are of a normal, recurring nature. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

These unaudited Consolidated Financial Statements should be read in conjunction with the Company's audited Consolidated Financial Statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates including those related to derivatives and hedging activities, income taxes including the valuation allowance for deferred tax assets, litigation reserves, restructuring reserves, allowance for credit losses, contingent consideration, redeemable noncontrolling interest, and valuation of goodwill, long-lived and intangible assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ materially from these estimates under different assumptions or conditions.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash, primarily held in interest-bearing investments, and liquid short-term investments which have original maturities of less than 90 days. Restricted cash includes cash whereby the Company's ability to use the funds at any time is contractually limited or is generally designated for specific purposes arising out of certain contractual or other obligations.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the Condensed Consolidated Balance Sheets that sum to the amounts reported in the Condensed Consolidated Statement of Cash Flows (in thousands):

	June 30, 2021	December 31, 2020
Cash and cash equivalents	$ 174,742	$ 132,914
Restricted cash included in "Prepaid and other current assets"	10,358	26,101
Restricted cash included in "Other noncurrent assets"	—	—
Total	$ 185,100	$ 159,015

Concentration of Credit Risk

The Company is exposed to credit risk in the normal course of business, primarily related to accounts receivable and derivative instruments. Historically, the losses related to credit risk have been immaterial. The Company regularly monitors its credit risk to mitigate the possibility of current and future exposures resulting in a loss. The Company evaluates the creditworthiness of its clients prior to entering into an agreement to provide services and as necessary through the life of the client relationship. The Company does not believe it is exposed to more than a nominal amount of credit risk in its derivative hedging activities, as the Company diversifies its activities across eight investment-grade financial institutions.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes" (ASC 740), which is intended to simplify various aspects related to income tax accounting. The ASU is effective for interim and annual periods beginning on or after December 15, 2020, with early adoption permitted. The Company adopted the new guidance effective January 1, 2021 and the adoption had no effect on the financial statements or related disclosures during the quarter.

Other Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform" (Topic 848), which provides optional expedients and exceptions for contracts, hedging relationships, and other transactions affected by reference rate reform due to the anticipated cessation of LIBOR on or before December 31, 2021. The ASU is effective from March 12, 2020, through December 31, 2022 and could impact the accounting for LIBOR provisions in the Company's credit facility agreement. In addition, in January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform – Scope," which clarified the scope of ASC 848 relating to contract modifications. The Company has not yet adopted the standard but does not expect that the adoption of this guidance will have a material impact on the Company's financial position, results of operations or cash flows.

(2) ACQUISITIONS AND DIVESTITURES

Avtex

On April 8, 2021, the Company acquired, through its subsidiary TTEC Digital, LLC, 100% of the outstanding stock of Avtex Solutions, Holdings LLC ("Avtex"). Avtex is an end-to-end customer experience and CXaaS solutions provider with offerings in Genesys and Microsoft cloud solutions. The business is operated as part of the TTEC Digital segment and is being fully consolidated into the financial statements of TTEC.

Total cash paid at acquisition was $500.0 million ($490.0 million base purchase price plus cash, less debt and working capital estimate). The Avtex transaction is subject to customary representations and warranties, holdbacks, and a net working capital adjustment. The Company used cash from operations and drew down on its Credit Facility to fund the acquisition.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following summarizes the estimated fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Preliminary Estimate of Acquisition Date Fair Value
Cash	$ 18,638
Accounts receivable, net	25,342
Prepaid expenses	30,541
Current income tax receivables	93
Net fixed assets	3,162
Right of use assets	3,210
Other Assets	468
Tradename	5,300
Intellectual property intangible	770
Customer relationships	123,760
Goodwill	370,883
	$ 582,167
Accounts payable	$ 22,563
Accrued employee compensation	4,325
Accrued expenses	250
Right of use liability - current	543
Deferred revenue	51,542
Accrued income taxes	332
Right of use liability - noncurrent	2,667
	$ 82,222
Total purchase price	$ 499,945

The estimates of fair value of identifiable assets acquired and liabilities assumed are preliminary, pending finalization of the valuation and tax returns, thus are subject to revisions that may result in adjustments to the value presented above.

The Avtex customer relationships, intellectual property intangible, and tradename have been estimated based on the initial valuation and will be amortized over estimated useful lives of 9, 3, and 1 years, respectively. The goodwill recognized from the Avtex acquisition is estimated to be attributable, but not limited to, the acquired workforce and expected synergies with the TTEC Digital segment. The tax basis of the acquired intangibles and goodwill will be deductible for income tax purposes. The acquired goodwill and intangibles and operating results of Avtex are reported within the TTEC Digital segment from the date of acquisition.

Voice Foundry

On August 5, 2020, TTEC Digital, LLC, a subsidiary of the Company, closed the first phase of the acquisition of the Voice Foundry business by acquiring 100% of the business's net assets in the U.S. and U.K., (the "VF US Transaction"). Voice Foundry is a preferred Amazon Connect cloud contact center service and implementation partner. The business has been integrated into the TTEC Digital segment and is being fully consolidated into the financial statements of TTEC.

Total cash paid at acquisition was $34.3 million. The VF US Transaction is subject to customary representations and warranties, holdbacks, and working capital adjustments. The VF US Transaction includes two contingent payments over the next two years with each payment having a maximum value of $7.4 million based on VF US's EBITDA performance for 2020 and 2021. The Company finalized the net working capital adjustment for $0.3 million which was paid to Voice Foundry during the first quarter of 2021.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The fair value of the contingent consideration has been estimated using a Monte Carlo model. The model was based on current expected EBITDA performance, a discount rate of 23.1%, a volatility rate of 47%, and an adjusted risk-free rate of 2.6%. Based on the model, a $10.9 million expected future payment was calculated and recorded as of the acquisition date. During the fourth quarter of 2020, the first quarter of 2021 and the second quarter of 2021, a $3.2 million expense, a $0.5 million expense and a $0.2 million expense, respectively, were recorded related to fair value adjustments of the estimated contingent consideration based on revised estimates of EBITDA performance for 2021. These expenses were included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss). During the first quarter of 2021, the contingent payment related to 2020 was finalized at a value of $7.4 million and was paid in April 2021. As of June 30, 2021, the value of the accrual is $7.4 million and is included in Other accrued expenses in the accompanying Consolidated Balance Sheets.

A multi-period excess earnings method under the income approach was used to estimate the fair value of the customer relationships intangible asset. The significant assumption utilized in calculating the fair value of the customer relationships intangible asset was the customer attrition rate.

The following summarizes the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Acquisition Date Fair Value
Accounts receivable, net	$ 3,758
Prepaid and other assets	345
Tradename	400
Non-compete	150
Customer relationships	6,550
Goodwill	35,881
	$ 47,084
Accounts payable	$ 289
Accrued employee compensation	741
Deferred revenue	170
	$ 1,200
Total purchase price	$ 45,884

In the first quarter of 2021, the Company finalized the valuation of VF US for the acquisition date assets acquired and liabilities assumed and determined that no material adjustments to any of the balances were required.

The VF US customer relationships and tradename are being amortized over useful lives of 4 and 2 years, respectively. The goodwill recognized from the VF US acquisition is attributable, but not limited to, the acquired workforce and expected synergies with the TTEC Digital segment. The tax basis of the acquired intangibles and goodwill will be deductible for income tax purposes. The acquired goodwill and intangibles and operating results of VF US are reported within the TTEC Digital segment from the date of acquisition.

Voice Foundry ASEAN

On November 4, 2020, TTEC Europe BV, a subsidiary of the Company, closed the final phase of the acquisition of the Voice Foundry business by acquiring 100% of the issued stock of Saasy Ventures Pty Ltd. (“VF ASEAN”). The business has been integrated into the TTEC Digital segment and is being fully consolidated into the financial statements of TTEC.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Total cash paid at acquisition was $15.2 million. The VF ASEAN transaction is subject to customary representations and warranties, holdbacks, and working capital adjustments. The VF ASEAN Transaction includes two contingent payments over the next two years with each payment having a maximum value of $2.2 million based on VF ASEAN's EBITDA performance for 2020 and 2021. The Company finalized the net working capital adjustment for $0.2 million which will be paid from Voice Foundry during the third quarter of 2021.

The fair value of the contingent consideration has been estimated using a Monte Carlo model. The model was based on current expected EBITDA performance, a discount rate of 18.4%, a volatility rate of 50%, and an adjusted risk-free rate of 1.6%. Based on the model, a $2.8 million expected future payment was calculated and recorded as of the acquisition date. During the fourth quarter of 2020, the first quarter of 2021 and the second quarter of 2021, a $1.2 million expense, a $0.4 million expense and a $0.1 million benefit, respectively, were recorded related to fair value adjustments of the estimated contingent consideration based on estimates of EBITDA performance for 2020 and 2021. These expenses/benefits were included in Other income (expense) in the Consolidated Statements of Comprehensive Income (Loss). During the first quarter of 2021, the contingent payment related to 2020 was finalized at a value of $2.2 million and was paid in April 2021. As of June 30, 2021, the value of the accrual is $2.1 million and is included in Other accrued expenses in the accompanying Consolidated Balance Sheets.

The following summarizes the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Acquisition Date Fair Value
Cash	$ 1,300
Accounts receivable, net	937
Prepaid and other expenses	115
Income tax receivable	30
Property, plant and equipment	274
Tradename	300
Customer relationships	3,100
Goodwill	14,418
	$ 20,474
Accounts payable	$ 960
Accrued employee compensation	113
Deferred revenue	236
Deferred tax liability	1,013
Other accrued liabilities	(78)
	$ 2,244
Total purchase price	$ 18,230

In the second quarter of 2021, the Company finalized the valuation for VF ASEAN for the acquisition date assets acquired and liabilities assumed and determined that no material adjustments to any of the balances were required.

The VF ASEAN customer relationships and tradename are being amortized over useful lives of 4 and 2 years, respectively. The goodwill recognized from the VF ASEAN acquisition is attributable, but not limited to, the acquired workforce and expected synergies with the TTEC Digital segment. The tax basis of the acquired intangibles and goodwill will not be deductible for income tax purposes. The acquired goodwill and intangibles and operating results of VF ASEAN are reported within the TTEC Digital segment from the date of acquisition.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Serendebyte

On February 7, 2020, the Company acquired, through its subsidiary TTEC Digital, LLC, 70% of the outstanding shares of capital stock of Serendebyte Inc., a Delaware corporation ("the Serendebyte Transaction"). Serendebyte is an autonomous customer experience and intelligent automation solutions provider based in India, the United States, and Canada. The business has been integrated into the TTEC Digital segment and is being fully consolidated into the financial statements of TTEC.

Total cash paid at acquisition, for 70% of the outstanding shares of capital stock, was $9.0 million. The Serendebyte Transaction is subject to customary representations and warranties, holdbacks, and a net working capital adjustment. The Company finalized the net working capital adjustment for $0.8 million during the second quarter of 2020 which was paid by Serendebyte to the Company in the second quarter of 2020.

As of the closing of the Serendebyte Transaction, Serendebyte's founder and certain members of its management continued to hold the remaining 30% interest in Serendebyte, Inc. ("Remaining Interest"). Between January 31, 2023 and December 31, 2023, Serendebyte's founder and the management team shall have an option to sell to TTEC Digital, LLC and TTEC Digital, LLC shall have an option to purchase the Remaining Interest at a purchase price equal to a multiple of Serendebyte's adjusted trailing twelve month EBITDA for this particular acquisition. The noncontrolling interest was recorded at fair value on the date of acquisition. The fair value was based on significant inputs not observable in the market (Level 3 inputs) including forecasted earnings, discount rate of 35%, working capital requirements and applicable tax rates. The noncontrolling interest was valued at $3.8 million and is shown as Redeemable noncontrolling interest in the accompanying Consolidated Balance Sheets.

As a condition to closing, Serendebyte's founder and certain members of the management team agreed to continue their affiliation with Serendebyte at least through 2023, and the founder agreed not to compete with TTEC for a period of four years after the disposition of the Remaining Interest.

The following summarizes the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date (in thousands):

	Acquisition Date Fair Value
Cash	$ 3,123
Accounts receivable, net	1,243
Prepaid and other assets	1,327
Property, plant and equipment	20
Deferred tax assets	14
Tradename	400
Customer relationships	1,920
Goodwill	9,033
	$ 17,080
Accounts payable	$ 120
Accrued employee compensation and benefits	1,025
Accrued income taxes	170
Accrued expenses	2,208
Deferred tax liabilities - long-term	629
	$ 4,152
Total purchase price	$ 12,928

In the fourth quarter of 2020, the Company finalized the valuation of Serendebyte for the acquisition date assets acquired and liabilities assumed and determined no material adjustments to any of the balances were required.

At the date of the purchase, an additional $2.2 million of cash was retained in the entity that was withdrawn by the holders of the Remaining Interest during the second quarter of 2020.

The Serendebyte customer relationships and tradename are being amortized over useful lives of 5 and 3 years, respectively. The goodwill recognized from the Serendebyte acquisition is attributable, but not limited to, the acquired workforce and expected synergies with the TTEC Digital segment. The tax basis of the acquired intangibles and goodwill will not be deductible for income tax purposes. The acquired goodwill and intangibles and operating results of Serendebyte are reported within the TTEC Digital segment from the date of acquisition.

Financial Impact of Acquired Businesses

The acquired businesses purchased in 2021 and 2020 noted above contributed revenues of $68.7 million and net income of $5.2 million, inclusive of $6.2 million of acquired intangible amortization, to the Company for the six months ended June 30, 2021.

The unaudited proforma financial results for the six months ended June 30, 2021 and 2020, combines the consolidated results of the Company, Avtex, Voice Foundry US, Voice Foundry ASEAN and Serendebyte assuming the acquisitions had been completed on January 1, 2020. The reported revenue and net income of $1,094.0 million and $97.8 million would have been $1,141.0 million and $100.6 million for the six months ended June 30, 2021, respectively, on an unaudited proforma basis.

For 2020, the reported revenue and net income of $885.3 million and $52.9 million would have been $977.3 million and $58.3 million for the six months ended June 30, 2020, respectively, on an unaudited basis.

The unaudited proforma consolidated results are not to be considered indicative of the results if these acquisitions occurred in the periods mentioned above, or indicative of future operations or results. Additionally, the proforma consolidated results do not reflect any anticipated synergies expected as a result of the acquisition.

Dissolutions

In the ordinary course of business, the Company operates different legal entities around the globe that have functional currencies other than USD. From time to time, the Company liquidates some of the entities when they are no longer needed to operate its business, and also forms new entities to support the needs of the business. The liquidation proceedings may take different forms, take considerable amount of time, and may also result in losses or gains unrelated to operations. In the second quarter ended June 30, 2020, the Company exited a foreign subsidiary that resulted in a non-cash $2.5 million loss included in Other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss) from the realization of the Accumulated other comprehensive income (loss), which represents the currency translation adjustment of the investment in the foreign subsidiary. Similarly, in the third quarter ended September 30, 2020, the Company exited two foreign subsidiaries that ceased operations and were removed from the consolidated financial statements as of the reporting period ended September 30, 2020. As a result of the deconsolidation, a non-cash $17.4 million loss was included in Other income (expense), net in the Consolidated Statement of Comprehensive Income (Loss). The majority of this loss related to the realization of the Accumulated other comprehensive income (loss) balance which represents the currency translation adjustment of the investment in the foreign subsidiaries. The operating income of these subsidiaries prior to dissolution was not material to the year-to-date consolidated results of the Company.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(3) SEGMENT INFORMATION

The Company reports the following two segments:

TTEC Digital provides the CX technology services and platforms to support the Company's clients' customer interaction delivery infrastructure. The segment designs, builds and operates the omnichannel ecosystem in a cloud, on premise, or hybrid environment, and fully integrates, orchestrates, and administers highly scalable, feature-rich CX technology applications. These solutions are critical to enabling and accelerating digital transformation for the Company's clients.

- Technology Services: the Company's technology services design, integrate and operate highly scalable, digital omnichannel technology solutions in the cloud, on premise, or hybrid environment, including journey orchestration, automation and AI, knowledge management, and workforce productivity.
- Professional Services: the Company's management consulting practices deliver customer experience strategy, analytics, process optimization, and learning and performance services.

TTEC Engage delivers the CX managed services to support the Company's clients' end-to-end customer interaction delivery, by providing the essential CX omnichannel and application technologies, human resources, recruiting, training and production, at-home or facility-based delivery infrastructure on a global scale, and engagement processes. This segment provides full-service digital, omnichannel customer engagement, supporting customer care, customer acquisition, growth and retention, and fraud detection and prevention services.

- Customer Acquisition Services: the Company's customer growth and acquisition services optimize the buying journeys for acquiring new customers by leveraging technology and analytics to deliver personal experiences that increase the quantity and quality of leads and customers.
- Customer Care Services: the Company's customer care services provide turnkey contact center solutions, including digital omnichannel technologies, associate recruiting and training, facilities, and operational expertise to create exceptional customer experiences across all touchpoints.
- Fraud Prevention Services: the Company's digital fraud detection and prevention services proactively identify and prevent fraud and provide community content moderation and compliance.

The Company allocates to each segment its portion of corporate operating expenses. All intercompany transactions between the reported segments for the periods presented have been eliminated.

The following tables present certain financial data by segment (in thousands):

Three Months Ended June 30, 2021

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 108,017	$ (22)	$ 107,995	$ 8,489	$ 9,565
TTEC Engage	446,799	—	446,799	16,427	56,265
Total	$ 554,816	$ (22)	$ 554,794	$ 24,916	$ 65,830

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Three Months Ended June 30, 2020

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 77,168	$ (25)	$ 77,143	$ 3,278	$ 14,376
TTEC Engage	375,938	—	375,938	15,382	34,586
Total	$ 453,106	$ (25)	$ 453,081	$ 18,660	$ 48,962

Six Months Ended June 30, 2021

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 171,626	$ (44)	$ 171,582	$ 12,377	$ 13,767
TTEC Engage	922,431	—	922,431	32,999	125,487
Total	$ 1,094,057	$ (44)	$ 1,094,013	$ 45,376	$ 139,254

Six Months Ended June 30, 2020

	Gross Revenue	Intersegment Sales	Net Revenue	Depreciation & Amortization	Income from Operations
TTEC Digital	$ 154,949	$ (250)	$ 154,699	$ 6,566	$ 24,634
TTEC Engage	730,595	—	730,595	30,966	65,044
Total	$ 885,544	$ (250)	$ 885,294	$ 37,532	$ 89,678

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Capital Expenditures				
TTEC Digital	$ 1,898	$ 2,888	$ 3,430	$ 5,326
TTEC Engage	10,130	12,214	20,163	26,589
Total	$ 12,028	$ 15,102	$ 23,593	$ 31,915

	June 30, 2021	December 31, 2020
Total Assets		
TTEC Digital	$ 850,321	$ 277,365
TTEC Engage	1,187,307	1,239,043
Total	$ 2,037,628	$ 1,516,408

	June 30, 2021	December 31, 2020
Goodwill		
TTEC Digital	$ 498,843	$ 128,211
TTEC Engage	235,097	235,291
Total	$ 733,940	$ 363,502

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following table presents revenue based upon the geographic location where the services are provided (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
United States	$ 372,851	$ 312,310	$ 731,180	$ 589,988
Philippines	102,472	79,269	204,724	170,373
Latin America	27,354	23,352	56,791	48,450
Europe / Middle East / Africa	27,640	17,361	53,557	34,304
Asia Pacific / India	16,404	13,725	32,571	28,893
Canada	8,073	7,064	15,190	13,286
Total	$ 554,794	$ 453,081	$ 1,094,013	$ 885,294

(4) SIGNIFICANT CLIENTS AND OTHER CONCENTRATIONS

The Company had one client that contributed in excess of 10% of total revenue for the six months ended June 30, 2021; this client operates in the financial services industry and is included in the TTEC Engage segment. This client contributed 14.2% and 8.3% of total revenue for the six months ended June 30, 2021 and 2020, respectively. The Company had no clients that contributed in excess of 10% of total revenue for the six months ended June 30, 2020. The Company does have clients with aggregate revenue exceeding $100 million annually and the loss of one or more of these clients could have a material adverse effect on the Company's business, operating results, or financial condition. To mitigate this risk, the Company has multiple contracts with these larger clients, where each individual contract is for an amount below the $100 million aggregate.

To limit the Company's credit risk with its clients, management performs periodic credit evaluations, maintains allowances for credit losses and may require pre-payment for services from certain clients. Based on currently available information, management does not believe significant credit risk existed as of June 30, 2021.

In connection with the implementation of ASC 326 as of January 1, 2020, the Company analyzed the prior history of credit losses on revenue for TTEC as a whole and separately for each of the two segments. Based on this evaluation, no modification to the allowance for credit losses balance was necessary as of the implementation date. At the end of each quarter beginning with March 31, 2020, an allowance for credit losses will be calculated based on the current quarterly revenue multiplied by the historical loss percentage of the prior three year period and recorded in the income statement. In addition to the evaluation of historical losses, the Company considers current and future economic conditions and events such as changes in customer credit quality and liquidity. The Company will write-off accounts receivable against this allowance when the Company determines a balance is uncollectible.

Activity in the Company's Allowance for credit losses consists of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Balance, beginning of period	$ 4,997	$ 5,402	$ 5,067	$ 5,452
Provision for credit losses	135	445	155	607
Uncollectible receivables written-off	(178)	(107)	(261)	(285)
Effect of foreign currency	(2)	55	(9)	21
Acquisition	988	—	988	—
Balance, end of period	$ 5,940	$ 5,795	$ 5,940	$ 5,795

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

On October 15, 2018, Sears Holding Corporation ("Sears") announced that it had filed a petition for bankruptcy protection in the United States Bankruptcy Court for the Southern District of New York. As of June 30, 2021 and December 31, 2020, TTEC had approximately $2.7 million in pre-petition accounts receivables outstanding related to Sears; during the fourth quarter of 2018 a $2.7 million allowance for uncollectible accounts was recorded and included in Selling, general and administrative expenses in the Consolidated Statements of Comprehensive Income (Loss).

Accounts Receivable Sales Agreement

The Company is party to an Uncommitted Receivables Purchase Agreement ("Agreement") with Bank of the West ("Bank"), whereby from time-to-time the Company may elect to sell, on a revolving basis, U.S. accounts receivables of certain clients at a discount to the Bank for cash on a limited recourse basis. The maximum amount of receivables that the Company may sell to the Bank at any given time shall not exceed $75 million. The sales of accounts receivable in accordance with the Agreement are reflected as a reduction of Accounts Receivable, net on the Consolidated Balance sheets. The Company has retained no interest in the sold receivables but retains all collection responsibilities on behalf of the Bank. The discount on the accounts receivable sold will be recorded within Other expense, net in the Consolidated Statements of Comprehensive Income (Loss). The cash proceeds from this Agreement are included in the change in accounts receivable within the operating activities section of the Consolidated Statements of Cash Flow.

As of June 30, 2021, the Company had factored $64.3 million of accounts receivable; under the Agreement discounts on these receivables were not material during the quarter. As of June 30, 2021, the Company had collected $10.4 million of cash from customers which had not been remitted to the Bank. The unremitted cash is restricted cash and is included within Prepaid and other current assets with the corresponding liability included in Accrued expenses on the Consolidated Balance Sheet. The Company has not recorded any servicing assets or liabilities as of June 30, 2021 as the fair value of the servicing arrangement as well as the fees earned were not material to the financial statements.

(5) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill consisted of the following (in thousands):

	December 31, 2020	Acquisitions / Adjustments	Impairments	Effect of Foreign Currency	June 30, 2021
TTEC Digital	$ 128,211	$ 370,883	—	(251)	$ 498,843
TTEC Engage	235,291	—	—	(194)	235,097
Total	$ 363,502	$ 370,883	$ —	$ (445)	$ 733,940

The Company performs a goodwill impairment assessment on at least an annual basis. The Company conducts its annual goodwill impairment assessment during the fourth quarter, or more frequently, if indicators of impairment exist. During the quarter ended June 30, 2021, the Company assessed whether any such indicators of impairment existed and concluded there were none.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(6) DERIVATIVES

Cash Flow Hedges

The Company enters into foreign exchange related derivatives. Foreign exchange derivatives entered into consist of forward and option contracts to reduce the Company's exposure to foreign currency exchange rate fluctuations that are associated with forecasted revenue earned in foreign locations. Upon proper qualification, these contracts are designated as cash flow hedges. It is the Company's policy to only enter into derivative contracts with investment grade counterparty financial institutions, and correspondingly, the fair value of derivative assets considers, among other factors, the creditworthiness of these counterparties. Conversely, the fair value of derivative liabilities reflects the Company's creditworthiness. As of June 30, 2021, the Company has not experienced, nor does it anticipate, any issues related to derivative counterparty defaults. The following table summarizes the aggregate unrealized net gain or loss in Accumulated other comprehensive income (loss) for the six months ended June 30, 2021 and 2020 (in thousands and net of tax):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Aggregate unrealized net gain/(loss) at beginning of period	$ 5,717	$ (3,621)	$ 8,431	$ 4,182
Add: Net gain/(loss) from change in fair value of cash flow hedges	(1,194)	3,726	(4,967)	(4,187)
Less: Net (gain)/loss reclassified to earnings from effective hedges	1,354	58	2,413	168
Aggregate unrealized net gain/(loss) at end of period	$ 5,877	$ 163	$ 5,877	$ 163

The Company's foreign exchange cash flow hedging instruments as of June 30, 2021 and December 31, 2020 are summarized as follows (amounts in thousands). All hedging instruments are forward contracts.

As of June 30, 2021	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	350	$ 265	100.0 %	July 2021
Philippine Peso	7,512,000	146,467 (1)	53.3 %	May 2024
Mexican Peso	1,204,500	53,733	44.3 %	December 2024
		$ 200,465		

As of December 31, 2020	Local Currency Notional Amount	U.S. Dollar Notional Amount
Canadian Dollar	2,450	$ 1,853
Philippine Peso	6,725,000	130,468 (1)
Mexican Peso	1,159,500	52,398
		$ 184,719

(1) Includes contracts to purchase Philippine pesos in exchange for New Zealand dollars and Australian dollars, which are translated into equivalent U.S. dollars on June 30, 2021 and December 31, 2020.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Fair Value Hedges

The Company enters into foreign exchange forward contracts to economically hedge against foreign currency exchange gains and losses on certain receivables and payables of the Company's foreign operations. Changes in the fair value of derivative instruments designated as fair value hedges are recognized in earnings in Other income (expense), net. As of June 30, 2021 and December 31, 2020 the total notional amounts of the Company's forward contracts used as fair value hedges were $26.7 million and $35.5 million, respectively.

Derivative Valuation and Settlements

The Company's derivatives as of June 30, 2021 and December 31, 2020 were as follows (in thousands):

	June 30, 2021	
Designation:	**Designated as Hedging Instruments**	**Not Designated as Hedging Instruments**
Derivative contract type:	**Foreign Exchange**	**Foreign Exchange**
Derivative classification:	**Cash Flow**	**Fair Value**
Fair value and location of derivative in the Consolidated Balance Sheet:		
Prepaids and other current assets	$ 5,460	$ 29
Other long-term assets	2,716	—
Other current liabilities	(129)	(51)
Other long-term liabilities	(102)	—
Total fair value of derivatives, net	$ 7,945	$ (22)

	December 31, 2020	
Designation:	**Designated as Hedging Instruments**	**Not Designated as Hedging Instruments**
Derivative contract type:	**Foreign Exchange**	**Foreign Exchange**
Derivative classification:	**Cash Flow**	**Fair Value**
Fair value and location of derivative in the Consolidated Balance Sheet:		
Prepaids and other current assets	$ 6,939	$ 103
Other long-term assets	4,528	—
Other current liabilities	(73)	(118)
Other long-term liabilities	(4)	—
Total fair value of derivatives, net	$ 11,390	$ (15)

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The effects of derivative instruments on the Consolidated Statements of Comprehensive Income (Loss) for the three months ended June 30, 2021 and 2020 were as follows (in thousands):

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Designation:	Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Cash Flow	
Amount of gain or (loss) recognized in Other comprehensive income (loss) - effective portion, net of tax	$ 1,354	$ 58
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	$ 1,830	$ 79

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Designation:	Not Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Fair Value	
Amount and location of net gain or (loss) recognized in the Consolidated Statement of Comprehensive Income (Loss):		
Other income (expense), net	$ 375	$ (14)

The effects of derivative instruments on the Consolidated Statements of Comprehensive Income (Loss) for the six months ended June 30, 2021 and 2020 were as follows (in thousands):

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Designation:	Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Cash Flow	
Amount of gain or (loss) recognized in Other comprehensive income (loss) - effective portion, net of tax	$ 2,413	$ 168
Amount and location of net gain or (loss) reclassified from Accumulated OCI to income - effective portion:		
Revenue	$ 3,260	$ 230

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Designation:	Not Designated as Hedging Instruments	
Derivative contract type:	Foreign Exchange	
Derivative classification:	Fair Value	
Amount and location of net gain or (loss) recognized in the Consolidated Statement of Comprehensive Income (Loss):		
Other income (expense), net	$ 38	$ (343)

(7) FAIR VALUE

The authoritative guidance for fair value measurements establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that the Company maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following presents information as of June 30, 2021 and December 31, 2020 for the Company's assets and liabilities required to be measured at fair value on a recurring basis, as well as the fair value hierarchy used to determine their fair value.

Accounts Receivable and Payable - The amounts recorded in the accompanying balance sheets approximate fair value because of their short-term nature.

Investments – The Company measures investments, including cost and equity method investments, at fair value on a nonrecurring basis when they are deemed to be other-than-temporarily impaired. The fair values of these investments are determined based on valuation techniques using the best information available, and may include market observable inputs, and discounted cash flow projections. An impairment charge is recorded when the cost of the investment exceeds its fair value and this condition is determined to be other-than-temporary. As of June 30, 2021, the investment in CaféX Communication, Inc., which consisted of the Company's total $15.6 million investment, is fully impaired to zero.

Debt - The Company's debt consists primarily of the Company's Credit Facility, which permits floating-rate borrowings based upon the current Prime Rate or the London Interbank Offered Rate ("LIBOR") plus a credit spread as determined by the Company's leverage ratio calculation (as defined in the Credit Agreement). As of June 30, 2021 and December 31, 2020, the Company had $834.0 million and $385.0 million, respectively, of borrowings outstanding under the Credit Facility. During the second quarter of 2021 outstanding borrowings accrued interest at an average rate of 1.3% per annum, excluding unused commitment fees. The amounts recorded in the accompanying Balance Sheets approximate fair value due to the variable nature of the debt based on Level 2 inputs.

Derivatives - Net derivative assets (liabilities) are measured at fair value on a recurring basis. The portfolio is valued using models based on market observable inputs, including both forward and spot foreign exchange rates, interest rates, implied volatility, and counterparty credit risk, including the ability of each party to execute its obligations under the contract. As of June 30, 2021, credit risk did not materially change the fair value of the Company's derivative contracts.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following is a summary of the Company's fair value measurements for its net derivative assets (liabilities) as of June 30, 2021 and December 31, 2020 (in thousands):

As of June 30, 2021

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	At Fair Value
Cash flow hedges	$ —	$ 7,945	$ —	$ 7,945
Fair value hedges	—	(22)	—	(22)
Total net derivative asset (liability)	$ —	$ 7,923	$ —	$ 7,923

As of December 31, 2020

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	At Fair Value
Cash flow hedges	$ —	$ 11,390	$ —	$ 11,390
Fair value hedges	—	(15)	—	(15)
Total net derivative asset (liability)	$ —	$ 11,375	$ —	$ 11,375

The following is a summary of the Company's fair value measurements as of June 30, 2021 and December 31, 2020 (in thousands):

As of June 30, 2021

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Derivative instruments, net	$ —	$ 7,923	$ —
Total assets	$ —	$ 7,923	$ —
Liabilities			
Deferred compensation plan liability	$ —	$ (27,826)	$ —
Derivative instruments, net	—	—	—
Contingent consideration	—	—	(9,478)
Total liabilities	$ —	$ (27,826)	$ (9,478)
Redeemable noncontrolling interest	$ —	$ —	$ (54,800)

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

As of December 31, 2020

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Derivative instruments, net	$ —	$ 11,375	$ —
Total assets	$ —	$ 11,375	$ —
Liabilities			
Deferred compensation plan liability	$ —	$ (23,858)	$ —
Derivative instruments, net	—	—	—
Contingent consideration	—	—	(18,032)
Total liabilities	$ —	$ (23,858)	$ (18,032)
Redeemable noncontrolling interest	$ —	$ —	$ (52,976)

Deferred Compensation Plan — The Company maintains a non-qualified deferred compensation plan structured as a Rabbi trust for certain eligible employees. Participants in the deferred compensation plan select from a menu of phantom investment options for their deferral dollars offered by the Company each year, which are based upon changes in value of complementary, defined market investments. The deferred compensation liability represents the combined values of market investments against which participant accounts are tracked.

Contingent Consideration - The Company recorded contingent consideration related to the acquisitions of VF US and VF ASEAN. The contingent payable for VF US was calculated using a Monte Carlo simulation including a discount rate of 23.1%. The contingent payable for VF ASEAN was calculated using a Monte Carlo simulation including a discount rate of 18.4%. The measurements were based on significant inputs not observable in the market. The Company will record interest expense each quarter using the effective interest method until the future value of these contingent payments reaches the expected total future value.

During the first, second and fourth quarters of 2020, the Company recorded fair value adjustments to the contingent consideration associated with the acquisition of FCR LLC based on decreased estimates of EBITDA which caused the estimated payable to decrease. Accordingly, a $3.3 million decrease, a $1.1 million decrease and a $1.8 million decrease to the payable were recorded as of March 31, 2020, June 30, 2020 and December 31, 2020, respectively, and were included in Other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss). As of December 31, 2020, the final calculated contingent consideration for FCR was zero.

During the fourth quarter of 2020, the first quarter of 2021 and the second quarter of 2021, the Company recorded fair value adjustments to the contingent consideration associated with the VF US and VF ASEAN acquisitions based on increased actual results and estimates of EBITDA for 2021 which caused the payables to increase. Accordingly, a combined $4.3 million increase, $0.9 million increase and $0.2 million increase, to the payables were recorded as of December 31, 2020, March 31, 2021 and June 30, 2021, respectively, and were included in Other income (expense), net in the Consolidated Statements of Comprehensive Income (Loss). As of June 30, 2021, the expected future contingent consideration for the VF US and VF ASEAN acquisitions is $9.5 million.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

A rollforward of the activity in the Company's fair value of the contingent consideration payable is as follows (in thousands):

	December 31, 2020	Acquisitions	Payments	Imputed Interest / Adjustments	June 30, 2021
VF US	$ 14,085	$ —	$ (7,414)	$ 719	$ 7,390
VF ASEAN	3,947	—	(2,186)	327	2,088
Total	$ 18,032	$ —	$ (9,600)	$ 1,046	$ 9,478

(8) INCOME TAXES

The Company accounts for income taxes in accordance with the accounting literature for income taxes, which requires recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the Consolidated Financial Statements. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse. Quarterly, the Company assesses the likelihood that its net deferred tax assets will be recovered. Based on the weight of all available evidence, both positive and negative, the Company records a valuation allowance against deferred tax assets when it is more-likely-than-not that a future tax benefit will not be realized. The Company's selection of an accounting policy with respect to both the global intangible low taxed foreign income ("GILTI") and base erosion and anti-abuse tax ("BEAT") rules is to compute the related taxes in the period the entity becomes subject to either GILTI or BEAT.

As of June 30, 2021, the Company had $19.6 million of gross deferred tax assets (after a $20.5 million valuation allowance) and a net deferred tax asset of $13.5 million (after deferred tax liabilities of $6.0 million) related to the United States and international tax jurisdictions whose recoverability is dependent upon future profitability.

In accordance with ASC 740, during the third quarter of 2020 the Company recorded a liability of $1.7 million related to an uncertain tax position.

The effective tax rate for the three and six months ended June 30, 2021 was 17.8% and 20.3%, respectively. The effective tax rate for the three and six months ended June 30, 2020 was 24.8% and 26.7%, respectively.

The Company's U.S. income tax returns filed for the tax years ending December 31, 2017 to present, remain open tax years. The Company has been notified of the intent to audit or is currently under audit of income taxes for the United States for tax year 2017 and 2018, the Philippines for tax years 2017, 2018 and 2020, Ireland for 2018 through 2020 and the state of Florida for tax years 2017 to 2019. Although the outcome of examinations by taxing authorities are always uncertain, it is the opinion of management that the resolution of these audits will not have a material effect on the Company's Consolidated Financial Statements.

When there is a change in judgment concerning the recovery of deferred tax assets in future periods, a valuation allowance is recorded into earnings during the quarter in which the change in judgment occurred. In the first quarter of 2020, changes to the valuation allowance were recorded in the amounts of $0.3 million, for deferred tax assets that did not meet the "more-likely-than-not" standard. In the second quarter of 2020, changes to the valuation allowance were recorded in the amount of $0.9 million for assets that were redetermined to meet the "more-likely-than-not" standard. In the first quarter of 2021, a change to the valuation allowance was recorded in the amount of $2.4 million for assets that did not meet the "more-likely-than-not" standard.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The Company has been granted "Tax Holidays" as an incentive to attract foreign investment by the government of the Philippines. Generally, a Tax Holiday is an agreement between the Company and a foreign government under which the Company receives certain tax benefits in that country, such as exemption from taxation on profits derived from export-related activities. In the Philippines, the Company has been granted multiple agreements with an initial period of four years and additional periods for varying years, expiring at various times between 2021 and 2022. The aggregate effect on income tax expense for the three months ended June 30, 2021 and 2020 was approximately $2.6 million benefit and $(0.3) million expense, respectively, which had an impact on diluted net income per share of $0.05 and $(0.01), respectively. The aggregate effect on income tax expense for the six months ended June 30, 2021 and 2020 was approximately $3.7 million and $1.2 million benefit, respectively, which had an impact on diluted net income per share of $0.08 and $0.02, respectively.

(9) RESTRUCTURING CHARGES AND IMPAIRMENT LOSSES

Restructuring Charges

During 2021 and 2020, the Company continued restructuring activities primarily associated with reductions in the Company's capacity, the workforce in certain locations, and related management in both segments to better align the capacity and workforce with current business needs. TTEC determined it would close several delivery centers servicing the Engage segment and the expenses related to early termination fees and cease use lease accruals were recorded. This expense was included in the Restructuring charges, net in the Consolidated Statements of Comprehensive Income (Loss).

A summary of the expenses recorded in Restructuring charges, net in the accompanying Consolidated Statements of Comprehensive Income (Loss) for the six months ended June 30, 2021 and 2020, respectively, is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Reduction in force				
TTEC Digital	$ 858	$ 114	$ 858	$ 321
TTEC Engage	(58)	3	(58)	239
Total	$ 800	$ 117	$ 800	$ 560
Facility exit and other charges				
TTEC Digital	$ —	$ —	$ 8	$ —
TTEC Engage	925	676	1,319	771
Total	$ 925	$ 676	$ 1,327	$ 771

A rollforward of the activity in the Company's restructuring accrual is as follows (in thousands):

	Reduction in Force	Facility Exit and Other Charges	Total
Balance as of December 31, 2020	$ 156	$ 543	$ 699
Expense	884	1,327	2,211
Payments	(80)	(1,184)	(1,264)
Change due to foreign currency	—	1	1
Change in estimates	(84)	—	(84)
Balance as of June 30, 2021	$ 876	$ 687	$ 1,563

The remaining restructuring and other accruals are expected to be paid or extinguished during the next twelve months and are all classified as current liabilities within Other accrued expenses in the Consolidated Balance Sheets.

Severance Charges

In the normal course of business, the Company will pay severance to terminated employees related to programs that are ending when such employees are no longer needed and cannot be repurposed to a new program.

During the second quarter of 2020, a $3.0 million accrual was recorded with the expense included in Cost of services during the quarter ended June 30, 2020. During the third and fourth quarters of 2020, a total of $1.6 million was paid and a $0.3 million reduction in expense was recorded. During the first and second quarters of 2021, a total of $0.4 million was paid and a $0.6 million reduction in expense was recorded. The accrual is expected to be paid or extinguished during the next six months and thus is classified as current liabilities within Other accrued expenses in the Consolidated Balance Sheets.

Impairment Losses

During each of the periods presented, the Company evaluated the recoverability of its leasehold improvement assets at certain customer engagement centers. An asset is considered to be impaired when the anticipated undiscounted future cash flows of its asset group are estimated to be less than the asset group's carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. To determine fair value, the Company used Level 3 inputs in its discounted cash flows analysis. Assumptions included the amount and timing of estimated future cash flows and assumed discount rates. During the three and six months ended June 30, 2021 the Company recognized impairment losses, net related to leasehold improvement assets and right of use lease assets of $0.2 million and $0.7 million, respectively, across the TTEC Digital and TTEC Engage segments. During the three and six months ended June 30, 2020 the Company recognized impairment losses, net related to leasehold improvement assets and right of use lease assets of zero and $0.7 million, respectively, across the TTEC Digital and TTEC Engage segments.

(10) COMMITMENTS AND CONTINGENCIES

Credit Facility

On March 25, 2021, the Company entered into a Fifth Amendment to its Amended and Restated Credit Agreement and Amended and Restated Security Agreement originally dated as of June 3, 2013, (collectively, the "Credit Facility") to increase the total commitments by $300 million to $1.2 billion by exercising the accordion feature that was included in the senior secured revolving credit facility with a syndicate of lenders led by Wells Fargo Bank, National Association, as agent, swingline and fronting lender. The Credit Facility matures on February 14, 2024. The $300 million increase is in the form of a term loan, which can be prepaid anytime and will become due February 14, 2024, contemporaneously with the expiration of the revolving line of credit.

The maximum commitment under the Credit Facility is $1.2 billion in the aggregate, if certain conditions are satisfied. The Credit Facility commitment fees are payable to the lenders in an amount equal to the unused portion of the Credit Facility multiplied by a rate per annum as determined by reference to the Company's net leverage ratio. The Credit Agreement contains customary affirmative, negative, and financial covenants, which remained unchanged from the 2016 Credit Facility, except that the Company is now obligated to maintain a maximum net leverage ratio of 3.50 to 1.00, and a minimum interest coverage ratio of 2.50 to 1.00. The Credit Agreement permits accounts receivable factoring up to the greater of $75 million or 25 percent of the average book value of all accounts receivable over the most recent twelve-month period.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Base rate loans bear interest at a rate equal to the greatest of (i) Wells Fargo's prime rate, (ii) one half of 1% in excess of the federal funds effective rate, and (iii) 1.25% in excess of the one month London Interbank Offered Rate ("LIBOR"); plus in each case a margin of 0% to 0.875% based on the Company's net leverage ratio. Eurodollar loans bear interest at LIBOR plus a margin of 1.0% to 1.875% based on the Company's net leverage ratio. Alternate currency loans bear interest at rates applicable to their respective currencies.

Letter of credit fees are one eighth of 1% of the stated amount of the letter of credit on the date of issuance, renewal or amendment, plus an annual fee equal to the borrowing margin for Eurodollar loans.

The Company primarily utilizes its Credit Facility to fund working capital, general operations, dividends and other strategic activities, such as the acquisitions described in Note 2. As of June 30, 2021 and December 31, 2020, the Company had borrowings of $834.0 million and $385.0 million, respectively, under its Credit Facility, and its average daily utilization was $662.8 million and $548.8 million for the six months ended June 30, 2021 and 2020, respectively. The Company had increased borrowings under the Credit Facility from late March 2020 through late September 2020, related to precautionary measures taken to proactively strengthen the Company's cash reserves and financial flexibility in response to COVID-19 related uncertainties. As of September 30, 2020, those additional borrowings had been repaid. During early April 2021, the Company increased borrowings by approximately $500 million in connection with the acquisition of Avtex (see Note 2). Based on the current level of availability based on the covenant calculations, the Company's remaining borrowing capacity was approximately $360 million as of June 30, 2021. As of June 30, 2021, the Company was in compliance with all covenants and conditions under its Credit Agreement.

Letters of Credit

As of June 30, 2021, outstanding letters of credit under the Credit Facility totaled $2.8 million and primarily guaranteed workers' compensation and other insurance related obligations. As of June 30, 2021, letters of credit and contract performance guarantees issued outside of the Credit Agreement totaled $0.4 million.

Legal Proceedings

From time to time, the Company has been involved in legal actions, both as plaintiff and defendant, which arise in the ordinary course of business. The Company accrues for exposures associated with such legal actions to the extent that losses are deemed both probable and reasonably estimable. To the extent specific reserves have not been made for certain legal proceedings, their ultimate outcome, and consequently, an estimate of possible loss, if any, cannot reasonably be determined at this time.

Based on currently available information and advice received from counsel, the Company believes that the disposition or ultimate resolution of any current legal proceedings, except as otherwise specifically reserved for in its financial statements, will not have a material adverse effect on the Company's financial position, cash flows or results of operations.

(11) LEASES

Operating leases are included in the Consolidated Balance Sheet as Operating lease assets, Current operating lease liabilities and Non-current operating lease liabilities. Finance leases are included in Property, plant and equipment, Other current liabilities and Other long-term liabilities in the Consolidated Balance Sheet. The Company primarily leases real estate and equipment under various arrangements that provide the Company the right of use for the underlying asset that require lease payments over the lease term. The Company determines the value of each lease by computing the present value of each lease payment using the interest rate implicit in the lease, if available; otherwise the Company estimates its incremental borrowing rate over the lease term. The Company determines its incremental borrowing rate based on its estimated credit risk with adjustments for each individual leases' geographical risk and lease term. Operating lease assets also include prepaid rent and initial direct costs less any tenant improvements.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The Company's real estate portfolio typically includes one or more options to renew, with renewal terms that generally can extend the lease term from one to 10 years. The exercise of these lease renewal options is at the Company's discretion and is included in the lease term only if the Company is reasonably certain to exercise. The Company also has service arrangements whereby it controls specific space provided by a third-party service provider. These arrangements meet the definition of a lease and are accounted for under ASC 842. Lease expense for operating leases is recognized on a straight-line basis over the lease term and is included in the Consolidated Statements of Comprehensive Income (Loss). The Company's lease agreements do not contain any material residual value guarantees or restrictive guarantees.

The components of lease expense for the three and six months ended June 30, 2021 and 2020 are as follows (in thousands):

Description	Location in Statements of Comprehensive Income (Loss)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Amortization of ROU assets - finance leases	Depreciation and amortization	$ 1,710	$ 1,928
Interest on lease liabilities - finance leases	Interest expense	36	52
Operating lease cost (cost resulting from lease payments)	Cost of services	10,101	11,642
Operating lease cost (cost resulting from lease payments)	Selling, general and administrative	721	858
Operating lease cost (cost resulting from lease payments)	Restructuring	401	—
Operating lease cost	Impairment	223	—
Operating lease cost (cost resulting from lease payments)	Other income (expense), net	310	287
Short-term lease cost	Cost of services	1,001	883
Variable lease cost (cost excluded from lease payments)	Cost of services	319	(284)
Less: Sublease income	Selling, general and administrative	(214)	(212)
Less: Sublease income	Other income (expense), net	(636)	(616)
Total lease cost		$ 13,972	$ 14,538

Description	Location in Statements of Comprehensive Income (Loss)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Amortization of ROU assets - finance leases	Depreciation and amortization	$ 3,514	$ 3,844
Interest on lease liabilities - finance leases	Interest expense	76	108
Operating lease cost (cost resulting from lease payments)	Cost of services	20,540	23,680
Operating lease cost (cost resulting from lease payments)	Selling, general and administrative	1,327	1,400
Operating lease cost (cost resulting from lease payments)	Restructuring	641	—
Operating lease cost	Impairment	1,920	—
Operating lease cost (cost resulting from lease payments)	Other income (expense), net	620	529
Short-term lease cost	Cost of services	1,967	1,880
Variable lease cost (cost excluded from lease payments)	Cost of services	637	(284)
Less: Sublease income	Selling, general and administrative	(442)	(394)
Less: Sublease income	Other income (expense), net	(1,312)	(1,112)
Total lease cost		$ 29,488	$ 29,651

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Other supplementary information for the three and six months ended June 30, 2021 and 2020 are as follows (dollar values in thousands):

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Finance lease - operating cash flows	$ 12	$ 17
Finance lease - financing cash flows	$ 1,596	$ 1,735
Operating lease - operating cash flows (fixed payments)	$ 13,176	$ 13,280
New ROU assets - operating leases	$ 4,455	$ 247
Modified ROU assets - operating leases	$ 182	$ 6,221
New ROU assets - finance leases	$ 488	$ 320

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Finance lease - operating cash flows	$ 26	$ 36
Finance lease - financing cash flows	$ 3,388	$ 3,867
Operating lease - operating cash flows (fixed payments)	$ 26,674	$ 27,417
New ROU assets - operating leases	$ 7,817	$ 6,795
Modified ROU assets - operating leases	$ 182	$ 6,221
New ROU assets - finance leases	$ 583	$ 828

	June 30, 2021	December 31, 2020
Weighted average remaining lease term - finance leases	2.33 years	2.46 years
Weighted average remaining lease term - operating leases	3.54 years	3.73 years
Weighted average discount rate - finance leases	1.75%	1.64%
Weighted average discount rate - operating leases	6.72%	6.95%

Operating and financing lease right-of-use assets and lease liabilities within the Consolidated Balance Sheet as of June 30, 2021 and December 31, 2020 are as follows (in thousands):

Description	Location in Balance Sheet	June 30, 2021	December 31, 2020
Assets			
Operating lease assets	Operating lease assets	$ 106,735	$ 120,820
Finance lease assets	Property, plant and equipment, net	9,724	12,659
Total leased assets		$ 116,459	$ 133,479
Liabilities			
Current			
Operating	Current operating lease liabilities	$ 42,891	$ 43,651
Finance	Other current liabilities	4,676	6,193
Non-current			
Operating	Non-current operating lease liabilities	83,146	98,277
Finance	Other long-term liabilities	3,570	4,763
Total lease liabilities		$ 134,283	$ 152,884

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The future minimum operating lease and finance lease payments required under non-cancelable leases as of June 30, 2021 and December 31, 2020 are as follows (in thousands):

June 30, 2021

	Operating Leases	Sub-lease Income	Finance Leases
Year 1	$ 48,756	$ (3,476)	$ 4,675
Year 2	42,622	(3,471)	2,129
Year 3	23,187	(2,828)	1,335
Year 4	15,139	(2,940)	230
Year 5	4,752	(1,960)	—
Thereafter	7,730	—	—
Total minimum lease payments	$ 142,186	$ (14,675)	$ 8,369
Less imputed interest	(16,149)		(123)
Total lease liability	$ 126,037		$ 8,246

December 31, 2020

	Operating Leases	Sub-lease Income	Finance Leases
Year 1	$ 51,120	$ (3,500)	$ 6,237
Year 2	46,913	(3,489)	2,740
Year 3	31,085	(3,123)	1,631
Year 4	17,338	(2,905)	579
Year 5	8,288	(2,940)	—
Thereafter	8,397	(490)	—
Total minimum lease payments	$ 163,141	$ (16,447)	$ 11,187
Less imputed interest	(21,213)		(231)
Total lease liability	$ 141,928		$ 10,956

In 2008, the Company sub-leased one of its customer engagement centers to a third party for the remaining term of the lease. The sub-lease began on January 1, 2009 and rental income will be recognized on a straight-line basis over the term of the sub-lease through 2026. In 2017, the Company sub-leased one of its office spaces for the remaining term of the original lease. The sub-lease began on November 6, 2017 and ended on May 31, 2021. In 2019, the Company sub-leased one of its office spaces for the remaining term of the original lease. The sub-lease began on March 1, 2019 and ends July 31, 2023. In 2020, the Company sub-leased one of its office spaces for the remaining term of the original lease. The sub-lease began on February 6, 2020 and ends June 14, 2023.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(12) OTHER LONG-TERM LIABILITIES

The components of Other long-term liabilities as of June 30, 2021 and December 31, 2020 are as follows (in thousands):

	June 30, 2021	December 31, 2020
Deferred revenue	$ 22,123	$ 17,434
Deferred compensation plan	27,826	23,858
Deferred social security taxes	16,983	15,986
Other	29,469	38,907
Total	$ 96,401	$ 96,185

(13) NONCONTROLLING INTEREST

The following table reconciles equity attributable to noncontrolling interest in the Company's subsidiary (in thousands):

	Six Months Ended June 30,	
	2021	2020
Noncontrolling interest, January 1	$ 13,060	$ 13,186
Net income attributable to noncontrolling interest	6,562	3,880
Dividends distributed to noncontrolling interest	(4,365)	(4,850)
Foreign currency translation adjustments	140	(313)
Noncontrolling interest, June 30	$ 15,397	$ 11,903

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(14) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents changes in the accumulated balance for each component of Other comprehensive income (loss), including current period other comprehensive income (loss) and reclassifications out of accumulated other comprehensive income (loss) (in thousands):

	Foreign Currency Translation Adjustment	Derivative Valuation, Net of Tax	Other, Net of Tax	Totals
Accumulated other comprehensive income (loss) at December 31, 2019	$ (107,480)	$ 4,182	$ (2,936)	$ (106,234)
Other comprehensive income (loss) before reclassifications	(18,521)	(4,187)	510	(22,198)
Amounts reclassified from accumulated other comprehensive income (loss)	—	168	(264)	(96)
Net current period other comprehensive income (loss)	(18,521)	(4,019)	246	(22,294)
Accumulated other comprehensive income (loss) at June 30, 2020	$ (126,001)	$ 163	$ (2,690)	$ (128,528)
Accumulated other comprehensive income (loss) at December 31, 2020	$ (78,139)	$ 8,431	$ (2,448)	$ (72,156)
Other comprehensive income (loss) before reclassifications	(3,630)	(4,967)	156	(8,441)
Amounts reclassified from accumulated other comprehensive income (loss)	—	2,413	(144)	2,269
Net current period other comprehensive income (loss)	(3,630)	(2,554)	12	(6,172)
Accumulated other comprehensive income (loss) at June 30, 2021	$ (81,769)	$ 5,877	$ (2,436)	$ (78,328)

The following table presents the classification and amount of the reclassifications from Accumulated other comprehensive income (loss) to the Statement of Comprehensive Income (Loss) (in thousands):

	For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	Statement of Comprehensive Income (Loss) Classification
Derivative valuation			
Gain on foreign currency forward exchange contracts	$ 1,830	$ 79	Revenue
Tax effect	(476)	(21)	Provision for income taxes
	$ 1,354	$ 58	Net income (loss)
Other			
Actuarial loss on defined benefit plan	$ (80)	$ (147)	Cost of services
Tax effect	8	15	Provision for income taxes
	$ (72)	$ (132)	Net income (loss)

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020	Statement of Comprehensive Income (Loss) Classification
Derivative valuation			
Gain on foreign currency forward exchange contracts	$ 3,260	$ 230	Revenue
Tax effect	(847)	(62)	Provision for income taxes
	$ 2,413	$ 168	Net income (loss)
Other			
Actuarial loss on defined benefit plan	$ (160)	$ (294)	Cost of services
Tax effect	16	30	Provision for income taxes
	$ (144)	$ (264)	Net income (loss)

(15) WEIGHTED AVERAGE SHARE COUNTS

The following table sets forth the computation of basic and diluted shares for the periods indicated (in thousands):

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Shares used in basic earnings per share calculation	46,840	46,619	46,792	46,559
Effect of dilutive securities:				
Restricted stock units	569	242	596	279
Performance-based restricted stock units	—	—	—	—
Total effects of dilutive securities	569	242	596	279
Shares used in dilutive earnings per share calculation	47,409	46,861	47,388	46,838

For the three months ended June 30, 2021 and 2020, there were Restricted Stock Units ("RSUs") of one thousand and 64 thousand, respectively, outstanding which were excluded from the computation of diluted net income per share because the effect would have been anti-dilutive. For the six months ended June 30, 2021 and 2020, there were RSUs of two thousand and 64 thousand, respectively, outstanding which were excluded from the computation of diluted net income per share because the effect would have been anti-dilutive.

(16) EQUITY-BASED COMPENSATION PLANS

All equity-based awards to employees are recognized in the Consolidated Statements of Comprehensive Income (Loss) at the fair value of the award on the grant date. During the three and six months ended June 30, ended 2021 and 2020, the Company recognized total equity-based compensation expense of $3.3 million and $7.4 million and $3.1 million and $6.0 million, respectively. Of this total compensation expenses, $1.1 million and $2.5 million were recognized in Cost of services and $2.2 million and $4.9 million were recognized in Selling, general and administrative during the three and six months ended June 30, 2021, respectively. During the three and six months ended June 30, 2020, the Company recognized compensation expense of $1.1 million and $2.0 million in Cost of services and $2.0 million and $4.0 million in Selling, general and administrative, respectively.

TTEC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Restricted Stock Unit Grants

During the six months ended June 30, 2021 and 2020, the Company granted 11,656 and 130,885 RSUs, respectively, to new and existing employees, which vest over four to five years. The Company recognized compensation expense related to RSUs of $2.6 million and $5.9 million for the three and six months ended June 30, 2021, respectively. The Company recognized compensation expense related to RSUs of $2.7 million and $5.3 million for the three and six months ended June 30, 2020, respectively. As of June 30, 2021, there was approximately $27.2 million of total unrecognized compensation cost (including the impact of expected forfeitures) related to RSUs granted under the Company's equity plans.

Performance Based Restricted Stock Unit Grants

During 2019, the Company awarded performance restricted stock units ("PRSUs") that are subject to service and performance vesting conditions. If defined minimum targets are met, the annual value of the PRSUs issued will be between $0.4 million and $1.4 million and vest immediately. If the defined minimum targets are not met, then no shares will be issued. The award amounts are based on the Company's annual adjusted operating income for the fiscal years 2019, 2020 and 2021. Each fiscal year's adjusted operating income will determine the award amount. The Company recognized compensation expense related to PRSUs of $0.3 million and $0.5 million, respectively, for the three and six months ended June 30, 2021. The Company recognized compensation expense related to PRSUs of $0.35 million and $0.70 million, respectively, for the three and six months ended June 30, 2020.

During 2020, the Company awarded PRSUs that are subject to service and performance vesting conditions. If defined minimum targets are met, the annual value of the PRSUs issued will be between $0.2 million and $2.0 million and vest immediately. If the defined minimum targets are not met, then no shares will be issued. The number of shares awarded are based on the Company's annual revenue and adjusted operating income for the fiscal years 2021 and 2022. Each fiscal year's revenue and adjusted operating income will determine the award amount. The Company recognized compensation expense related to PRSUs of $0.5 million and $1.0 million, respectively, for the three and six months ended June 30, 2021.

(17) RELATED PARTY TRANSACTIONS

The Company entered into an agreement under which Avion, LLC ("Avion") and Airmax LLC ("Airmax") provide certain aviation flight services as requested by the Company. Such services include the use of an aircraft and flight crew. Kenneth D. Tuchman, Chairman and Chief Executive Officer of the Company, has an indirect 100% beneficial ownership interest in Avion and Airmax. During the six months ended June 30, 2021 and 2020, the Company expensed $0.5 million and $0.2 million, respectively, to Avion and Airmax for services provided to the Company. There was $77 thousand in payments due and outstanding to Avion and Airmax as of June 30, 2021.

Ms. Regina M. Paolillo, Chief Financial and Administrative Officer of the Company, is a member of the board of directors of Welltok, Inc., a consumer health SaaS company. Welltok, Inc. is a partner with the Company in a joint venture Welltok TTEC Communications, LLC. During the six months ended June 30, 2021 and 2020, the Company recorded revenue of $0.9 million and $1.8 million, respectively, in connection with work performed through the joint venture.

Ms. Regina M. Paolillo is a member of the board of directors of Unisys, a global information technology company. During the six months ended June 30, 2021, the Company recorded revenue of $0.3 million in connection with services performed for Unisys.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995, relating to our operations, expected financial position, results of operation, and other business matters that are based on our current expectations, assumptions, and projections with respect to the future, and are not a guarantee of performance. In this report, when we use words such as “may,” “believe,” “plan,” “will,” “anticipate,” “estimate,” “expect,” “intend,” “project,” “would,” “could,” “target,” or similar expressions, or when we discuss our strategy, plans, goals, initiatives, or objectives, we are making forward-looking statements.

We caution you not to rely unduly on any forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements, and you should review and consider carefully the risks, uncertainties and other factors that affect our business and may cause such differences as outlined in Item 1A. Risk Factors of this report and in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2020. Important factors that could cause our actual results to differ materially from those indicated in the forward looking statements include, among others, the risks related to our business operations and strategy, including the risks related to our strategy execution in a competitive market; our ability to innovate and introduce technologies that are sufficiently disruptive to allow us to maintain and grow our market share; our dependence on 3rd parties for our cloud solutions; the impact of COVID-19 on our business and our clients’ business; risks inherent in our transition to a work from home environment; our ability to attract and retain qualified and skilled personnel at a price point that we can afford and our clients are willing to pay; our M&A activity, including our ability to identify, acquire and properly integrate acquired businesses in accordance with our strategy; the risks related to our technology, including the reliability of our information technology infrastructure and risks related to cybersecurity in general and criminal activity such as ransomware and other malware, in particular, which may impact our ability to consistently deliver uninterrupted service to our clients; the risk related to our international operations; the risks related to legal impact on our operations, including rapidly changing laws that regulate our and our clients’ business, such as data privacy and data protection laws and healthcare, financial and public sector specific regulations, our ability to comply with these laws timely, and cost of wage and hour litigation in the United States; and risks inherent in our equity structure including our controlling shareholder risk, and Delaware choice of dispute resolution risks.

Our forward-looking statements speak only as of the date that this report is filed with the United States Securities and Exchange Commission (“SEC”). We undertake no obligation to update them, except as may be required by applicable law. Although we believe that our forward-looking statements are reasonable, they depend on many factors outside of our control and we can provide no assurance that they will prove to be correct.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

TTEC Holdings, Inc. ("TTEC", "the Company", "we", "our" or "us") is a leading global customer experience as a service ("CXaaS") partner for many of the world's iconic brands, Fortune 1000 companies, government agencies, and disruptive growth companies. TTEC helps its clients deliver frictionless customer experiences, strengthen customer relationships, brand recognition and loyalty through personalized interactions, improve their Net Promoter Score, customer satisfaction and quality assurance, and lower their total cost to serve by combining innovative digital solutions with best-in-class service capabilities to enable and deliver simplified, consistent and seamless customer experience across channels and phases of the customer lifecycle.

Our CXaaS solutions enhance our clients' customers experience and help differentiate our clients from their competition.

In the fast expanding direct-to-customer ("DTC") channel where experiences are everything, enterprises must become increasingly more customer-centric, virtualized and digitally enabled to acquire, grow and maintain customers. Our mission is to enable and accelerate our clients' path to virtual and digital transformation. We are focused on improving the experience of our clients' customers by leveraging existing and emerging technologies — cloud, omnichannel, analytics, artificial intelligence ("AI"), machine learning ("ML"), robotic process automation ("RPA"), and real-time conversational messaging.

The Company reports its financial information based on two segments: TTEC Digital and TTEC Engage.

- **TTEC Digital** provides the CX technology services and platforms to support our clients' customer interaction delivery infrastructure. The segment designs, builds and operates the omnichannel ecosystem in a cloud, on premise, or hybrid environment, inclusive of fully integrating, orchestrating, and administrating highly scalable, feature-rich CX technology applications.
- **TTEC Engage** provides the CX managed services to support our clients' end-to-end customer interaction delivery, by providing the essential CX omnichannel and application technologies, human resources, recruiting, training and production, at-home or facility-based delivery infrastructure on a global scale, and engagement processes. This segment provides full-service digital, omnichannel customer engagement, supporting customer care, customer acquisition, growth and retention, and fraud detection and prevention services.

TTEC Digital and TTEC Engage strategically come together under our unified offering, Humanify® Customer Experience as a Service, which drives measurable customer results for clients through the delivery of personalized, omnichannel experiences. Our Humanify® cloud platform provides a fully integrated ecosystem of CX offerings, including messaging, AI, ML, RPA, analytics, cybersecurity, customer relationship management ("CRM"), knowledge management, journey orchestration and traditional voice solutions. Our end-to-end platform differentiates us from many competitors by combining design, strategic consulting, best-in-class technology, data analytics, process optimization, system integration and operational excellence. This unified offering is value-oriented, outcome-based and delivered to large enterprises, governments and disruptive growth companies on a global scale.

During 2021, the TTEC global operating platform delivered onshore, nearshore, and offshore services in 20 countries on six continents -- the United States, Australia, Belgium, Brazil, Bulgaria, Canada, Costa Rica, Germany, Greece, India, Ireland, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Singapore, South Africa, Thailand, and the United Kingdom with the help of 58,500 consultants, technologists, and CX professionals.

Our revenue for second quarter 2021 was $554.8 million, approximately $108.0 million, or 19.5% which came from our TTEC Digital segment and $446.8 million, or 80.5%, which came from our TTEC Engage segment.

To improve our competitive position in a rapidly changing market and stay strategically relevant to our clients, we continue to invest in innovation and service offerings for both mainstream and high growth disruptive businesses, diversifying and strengthening our core customer care services with consulting, data analytics, insights, and technology-enabled, outcomes-focused services.

We also invest to broaden our product and service capabilities, increase our global client base and industry expertise, tailor our geographic footprint to the needs of our clients, and further scale our end-to-end integrated solutions platform. To this end we have been highly acquisitive in the last several years, including an acquisition early in the second quarter of 2021 of a provider of Genesys and Microsoft cloud contact center services, an acquisition in the second half of 2020 of a preferred Amazon Connect cloud contact center service provider, an acquisition in the first quarter of 2020 of an autonomous customer experience and intelligent automation solutions provider and an acquisition in the fourth quarter of 2019 of a provider of customer care, social media community management, content moderation, technical support and business process solutions for rapidly growing businesses in early stages of their lifecycle.

We have extensive expertise in the automotive, communications, financial services, national/federal and state and local government, healthcare, logistics, media and entertainment, e-tail/retail, technology, travel and transportation industries. We serve more than 575 diverse clients globally, including many of the world's iconic brands, Fortune 1000 companies, government agencies, and disruptive growth companies.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. Early in second quarter of 2020, we transitioned approximately 80% of our employee population to a work from home environment. Those employees who were considered essential and could not operate effectively while remote work in our brick-and-mortar sites, but most continue to work from home. For those sites that continue to stay opened during the pandemic, we have taken extensive measures to protect the health and safety of our employees, in accordance with the recommendations and guidelines provided by the World Health Organization, the U.S. and European Centers for Disease Control and Prevention, the U.S. Occupational Safety Association, and local governments in jurisdictions where our customer experience centers are located.

Although our business experienced some impacts of COVID-19 in the first half of 2020, our implementation of business continuity plans, rapid transition of employees to a work from home environment, and the geographic diversification of our delivery centers allowed us to mitigate potentially more severe impacts and positioned us to continue supporting our commercial and public sector clients without interruptions and provide them with additional support as they experienced surge volumes of customer, patient and citizen COVID-19 related engagement. Through the period ended June 30, 2021 the COVID-19 pandemic has not had a material adverse impact on our operational or financial results. While we expect this positive trend to continue and some of our COVID-19 specific work has transitioned to more traditional business activities for the same clients, there continues to be uncertainty about our COVID-19 and non-COVID-19 related business as the pandemic continues around the globe, and some locations where we deliver business are experiencing ongoing COVID-19 infection surges, related lockdown and business interruption. We cannot accurately predict the severity of the economic and operational challenges of a pro-longed COVID-19 pandemic on our clients' businesses and its effect on the magnitude and timing of their buying decisions. Further, while to date we have been successful in managing service delivery from a highly disbursed employee population working remotely and our delivery sites that could not be replaced with work from home delivery, unpredictable lockdown decisions in some jurisdictions where we do business, certain seasonal weather cycles and their potential impacts on power grid and internet availability for our employees working from home may impact our delivery capability with little notice, thus potentially impacting our results of operations in the future.

Our Integrated Service Offerings and Business Segments

We provide strategic value and differentiation through our two business segments: TTEC Digital and TTEC Engage.

TTEC Digital provides the CX technology services and platforms to support our clients' customer interaction delivery infrastructure. The segment designs, builds and operates the omnichannel ecosystem in a cloud, on premise, or hybrid environment, and fully integrates, orchestrates, and administers highly scalable, feature-rich CX technology applications. These solutions are critical to enabling and accelerating digital transformation for our clients.

- Technology Services: Our technology services design, integrate and operate highly scalable, digital omnichannel technology solutions in the cloud, on premise, or hybrid environment, including journey orchestration, automation and AI, knowledge management, and workforce productivity.
- Professional Services: Our management consulting practices deliver customer experience strategy, analytics, process optimization, and learning and performance services.

TTEC Engage delivers the CX managed services to support our clients' end-to-end customer interaction delivery, by providing the essential CX omnichannel and application technologies, human resources, recruiting, training and production, at-home or facility-based delivery infrastructure on a global scale, and engagement processes. This segment provides full-service digital, omnichannel customer engagement, supporting customer care, customer acquisition, growth and retention, and fraud detection and prevention services.

- Customer Acquisition Services: Our customer growth and acquisition services optimize the buying journeys for acquiring new customers by leveraging technology and analytics to deliver personal experiences that increase the quantity and quality of leads and customers.
- Customer Care Services: Our customer care services provide turnkey contact center solutions, including digital omnichannel technologies, associate recruiting and training, facilities, and operational expertise to create exceptional customer experiences across all touchpoints.
- Fraud Prevention Services: Our digital fraud detection and prevention services proactively identify and prevent fraud and provide community content moderation and compliance.

Based on our clients' preference, we provide our services on an integrated cross-business segment and/or on a discrete basis.

Additional information with respect to our segments and geographic footprint is included in Part I, Item 1. Financial Statements, Note 3 to the Consolidated Financial Statements.

Financial Highlights

In the second quarter of 2021, our revenue increased $101.7 million, or 22.4%, to $554.8 million over the same period in 2020 including an increase of $10.4 million, or 2.3%, due to foreign currency fluctuations. The increase in revenue was comprised of a $70.9 million, or 18.8%, increase for TTEC Engage and a $30.9 million, or 40.0%, increase for TTEC Digital.

Our second quarter 2021 income from operations increased $16.9 million, or 34.5%, to $65.8 million or 11.9% of revenue, compared to $49.0 million or 10.8% of revenue in the second quarter of 2020. The change in operating income is comprised of a number of factors across the segments. The TTEC Engage operating income expanded with a 62.7% improvement over the same period last year primarily based on the increase in revenue including volumes in our financial services, commercial and public sector clients experiencing spikes in customer interactions including COVID-19 specific volumes, a reduction in healthcare expenses, and grant income received to offset salaries and rent expenses. The TTEC Digital operating income decreased 33.5% due to a reduction in the large multi-year government contract and increased amortization of acquisition related intangible assets, partially offset by the 2021 and 2020 acquisitions which accelerated growth in the cloud revenue platform.

Income from operations in the second quarter of 2021 and 2020 included $2.4 million and $0.8 million of restructuring charges and asset impairments, respectively.

Our offshore customer engagement centers spanning six countries, serve clients based in the U.S. and in other countries with 23,650 workstations, representing 59% of our global delivery capability. Revenue for our TTEC Engage segment provided from these offshore locations represented 30% of our revenue for the second quarter of 2021, as compared to 29% of our revenue for the corresponding period in 2020.

Our seat utilization is defined as the total number of utilized workstations compared to the total number of available production workstations. As of June 30, 2021, the total production workstations for our TTEC Engage segment was 40,300 and the overall capacity utilization in our centers was 62% versus 68% in the prior year period. The utilization is lower than the previous year primarily due to COVID-19 protocols requiring the distancing of associates which has reduced the available seat capacity. Adjusted for social distancing protocols, which reduced the available workstations to approximately 20,800, and accounting for all client paid seats as utilized, whether through actual usage or contractual commitments to hold the seats, current utilization is in excess of 120%.

Post COVID-19 we expect our clients to leverage a more diversified geographic footprint and an increased mix of work from home vs. brick and mortar delivery centers. We will continue to refine our site strategy and capacity as we finalize plans with our clients and prospects.

Some of our clients may be subject to regulatory pressures to serve clients onshore. We plan to continue to selectively retain and grow capacity and expand into new offshore markets, while maintaining appropriate capacity onshore. As we grow our offshore delivery capabilities and our exposure to foreign currency fluctuations increases, we will continue to actively manage this risk via a multi-currency hedging program designed to minimize operating margin volatility.

Recently Issued Accounting Pronouncements

Refer to Part I, Item I, Financial Statements, Note 1 to the Consolidated Financial Statements for a discussion of recently adopted and issued accounting pronouncements.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, as well as the disclosure of contingent assets and liabilities. We regularly review our estimates and assumptions. These estimates and assumptions, which are based upon historical experience and on various other factors believed to be reasonable under the circumstances, form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Reported amounts and disclosures may have been different had management used different estimates and assumptions or if different conditions had occurred in the periods presented. For further information, please refer to the discussion of all critical accounting policies in Note 1 of the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2020.

Results of Operations

Three months ended June 30, 2021 compared to three months ended June 30, 2020

The tables included in the following sections are presented to facilitate an understanding of Management's Discussion and Analysis of Financial Condition and Results of Operations and present certain information by segment for the three months ended June 30, 2021 and 2020 (amounts in thousands). All inter-company transactions between the reported segments for the periods presented have been eliminated.

TTEC Digital

	Three Months Ended June 30,			
	2021	2020	$ Change	% Change
Revenue	$ 107,995	$ 77,143	$ 30,852	40.0 %
Operating Income	9,565	14,376	(4,811)	(33.5)%
Operating Margin	8.9 %	18.6 %		

The increase in revenue for the TTEC Digital segment was driven by increases in the cloud platform and the systems integration practice, including the acquisitions of Avtex and Voice Foundry, offset by reductions in the large multi-year government contract. Excluding the large multi-year government contract, the TTEC Digital revenue has increased 107% year over year.

The operating income decrease is primarily attributable to a reduction in the large multi-year government contract, additional amortization of acquisition related intangible assets and $0.9 million of restructuring charges, partially offset by the acquisitions of Avtex and Voice Foundry, increases in the cloud platform and system integration practice. The operating income as a percentage of revenue decreased to 8.9% in the second quarter of 2021 as compared to 18.6% in the prior period. Included in the operating income was amortization expense related to acquired intangibles of $5.7 million and $0.6 million for the quarters ended June 30, 2021 and 2020, respectively.

TTEC Engage

	Three Months Ended June 30,			
	2021	2020	$ Change	% Change
Revenue	$ 446,799	$ 375,938	$ 70,861	18.8 %
Operating Income	56,265	34,586	21,679	62.7 %
Operating Margin	12.6 %	9.2 %		

The increase in revenue for the TTEC Engage segment was due to a net increase of $75.0 million in client programs including certain COVID-19 pandemic related programs for several clients and a $9.2 million increase due to foreign currency fluctuations, offset by a decrease for program completions of $13.3 million.

The operating income increased primarily due to the growth in revenue, revenue mix, and increased profitability in several offerings. Included in the second quarter of 2021 is a $2.0 million increase to operating income due to grants received related to COVID-19 relief and a $5.3 million reduction in healthcare expenses, which was offset by $1.6 million of restructuring and impairment charges related to several facilities in the U.S. (see Part I. Item 1. Financial Statements, Note 9 to the Consolidated Financial Statements). As a result, the operating income as a percentage of revenue increased to 12.6% in the second quarter of 2021 as compared to 9.2% in the prior period. Included in the operating income was amortization expense related to acquired intangibles of $3.3 million and $3.3 million for the quarters ended June 30, 2021 and 2020, respectively.

Interest Income (Expense)

For the three months ended June 30, 2021 interest income decreased to $0.2 million from $0.5 million in the same period in 2020. Interest expense increased to $3.4 million during 2021 from $3.1 million during 2020 due to higher utilization of the line of credit.

Other Income (Expense)

For the three months ended June 30, 2021 Other income (expense), net increased to net income of $1.0 million from net expense of $1.8 million during the prior year quarter.

Included in the three months ended June 30, 2021 and 2020 were a $0.2 million expense and a $1.1 million benefit, respectively, related to the fair value adjustment of contingent consideration for two acquisitions.

Included in the three months ended June 30, 2020 was a $2.5 million expense related to the dissolution of a subsidiary, and the related removal of the Accumulated other comprehensive income (loss).

See Part I. Item 1. Financial Statements, Note 2 to the Consolidated Financial Statements.

Income Taxes

The effective tax rate for the three months ended June 30, 2021 was 17.8%. This compares to an effective tax rate of 24.8% for the comparable period of 2020. The effective tax rate for the three months ended June 30, 2021 was influenced by earnings in international jurisdictions currently under an income tax holiday, the distribution of income between the U.S. and international tax jurisdictions and the associated U.S. tax impacts of foreign earnings. Without a $0.5 million benefit related to restructuring, a $2.4 million benefit related to equity compensation, a $2.3 million benefit related to the amortization of purchased intangibles and $0.2 million of expense related to other items, the Company's normalized tax rate for the second quarter of 2021 was 21.4%.

Results of Operations

Six months ended June 30, 2021 compared to six months ended June 30, 2020

The tables included in the following sections are presented to facilitate an understanding of Management's Discussion and Analysis of Financial Condition and Results of Operations and present certain information by segment for the six months ended June 30, 2021 and 2020 (in thousands). All intercompany transactions between the reported segments for the periods presented have been eliminated.

TTEC Digital

	Six Months Ended June 30,			
	2021	2020	$ Change	% Change
Revenue	$ 171,582	$ 154,699	$ 16,883	10.9 %
Operating Income	13,767	24,634	(10,867)	(44.1)%
Operating Margin	8.0 %	15.9 %		

The increase in revenue for the TTEC Digital segment was driven by significant increases in the cloud platform and the systems integration practice including acquisitions of Avtex and Voice Foundry, offset by reductions in the large multi-year governmental contract, and the legacy facility based training business and the middle east consulting practice, both of which the Company has exited. Excluding the large multi-year government contract, the TTEC Digital revenue has increased 64% year over year.

The operating income reduction is primarily attributable to a reduction in the large multi-year governmental contract and increased amortization of acquisition related intangible assets partially offset by the increased revenue due to the acquisitions and other revenue increases as well as the exit of the less profitable facilities based training and middle east consulting practices. The operating income as a percentage of revenue decreased to 8.0% for the six months ended June 30, 2021 as compared to 15.9% in the prior period. Included in the operating income was amortization expense related to acquired intangibles of $6.9 million and $1.1 million for the six months ended June 30, 2021 and 2020, respectively.

TTEC Engage

	Six Months Ended June 30,			
	2021	2020	$ Change	% Change
Revenue	$ 922,431	$ 730,595	$ 191,836	26.3 %
Operating Income	125,487	65,044	60,443	92.9 %
Operating Margin	13.6 %	8.9 %		

The increase in revenue for the TTEC Engage segment was due to a net increase of $214.1 million in client programs including certain COVID-19 pandemic related programs for several clients, and a $15.7 million increase due to foreign currency fluctuations offset by a decrease for program completions of $38.0 million.

The operating income increased in line with improved revenue including growth in revenue, revenue mix, and increased profitability in several offerings. Included in 2021 is a $8.0 million increase to operating income due to grants received related to COVID-19 relief. Partially offsetting these increases was a net $5.5 million in restructuring and impairment charges related to several facilities in the U.S. (see Part I. Item 1, Financial Statements, Note 9 to the Consolidated Financial Statements). As a result, the operating income as a percentage of revenue increased to 13.6% for the six months ended June 30, 2021 as compared to 8.9% in the prior period. Included in the operating income was amortization expense related to acquired intangibles of $6.6 million and $6.6 million for the six months ended June 30, 2021 and 2020, respectively.

Interest Income (Expense)

For the six months ended June 30, 2021 interest income decreased to $0.4 million from $0.9 million in the same period in 2020. Interest expense decreased to $5.2 million during 2021 from $12.7 million during 2020 due to higher utilization of the line of credit offset by lower interest rates, and a $6.3 million decrease period over period in the charge related to the future purchase of the remaining 30% interest in Motif, which was finalized during the second quarter of 2020.

Other Income (Expense)

For the six months ended June 30, 2021 Other income (expense), net decreased to net income of $0.2 million from net income of $1.6 million during the prior year period.

Included in the six months ended June 30, 2021 was a $0.7 million expense related to the fair value adjustments of contingent consideration for two acquisitions.

Included in the six months ended June 30, 2020 was a $4.3 million benefit related to the fair value adjustments of contingent consideration for an acquisition, offset by a $2.5 million expense related to the deconsolidation of three subsidiaries and the related removal of the Accumulated other comprehensive income (loss).

See Part I. Item 1. Financial Statements, Note 2 to the Consolidated Financial Statements.

Income Taxes

The effective tax rate for the six months ended June 30, 2021 was 20.3%. This compared to an effective tax rate of 26.7% for the comparable period of 2020. The effective tax rate for the six months ended June 30, 2021 was influenced by earnings in international jurisdictions currently under an income tax holiday, the distribution of income between the U.S. and international tax jurisdictions and associated U.S. tax impacts of foreign earnings. Without a $1.6 million benefit from restructuring expenses, $2.4 million of expense related to changes in valuation allowances, a $3.5 million benefit related to the amortization of purchased intangibles, a $5.3 million benefit related to equity-based compensation, and $0.2 million of expense related to other items, the Company's normalized tax rate for 2021 was 22.6%.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash generated from operations, our cash and cash equivalents, and borrowings under our Credit Facility. During the six months ended June 30, 2021, we generated positive operating cash flows of $132.8 million. We believe that our cash generated from operations, existing cash and cash equivalents, and available credit will be sufficient to meet expected operating and capital expenditure requirements for the next 12 months.

We manage a centralized global treasury function in the United States with a focus on safeguarding and optimizing the use of our global cash and cash equivalents. Our cash is held in the U.S. in U.S. dollars, and outside of the U.S. in U.S. dollars and foreign currencies. We expect to use our cash to fund working capital, global operations, dividends, acquisitions, and other strategic activities. While there are no assurances, we believe our global cash is well protected given our cash management practices, banking partners and utilization of diversified bank deposit accounts and other quality investments.

We have global operations that expose us to foreign currency exchange rate fluctuations that may positively or negatively impact our liquidity. We are also exposed to higher interest rates associated with our variable rate debt. To mitigate these risks, we enter into foreign exchange forward and option contracts through our cash flow hedging program. Please refer to Item 3. Quantitative and Qualitative Disclosures About Market Risk, Foreign Currency Risk, for further discussion.

In early April 2021, we drew down approximately $500 million of the availability on the Credit Facility in order to provide funding for the acquisition of Avtex Solutions, Holdings LLC.

During the first quarter 2020, we borrowed $350 million under our revolving credit facility as a precautionary measure to provide additional liquidity during the global economic uncertainty and financial market conditions caused by the COVID-19 pandemic. During September 2020, this additional borrowing was repaid.

Although we expect that current cash and cash equivalent balances and cash flows that are generated from operations will be sufficient to meet our domestic and international working capital needs and other capital and liquidity requirements for at least the next 12 months, if our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be adversely impacted.

The following discussion highlights our cash flow activities during the six months ended June 30, 2021 and 2020.

Cash and Cash Equivalents

We consider all liquid investments purchased within 90 days of their original maturity to be cash equivalents. Our cash and cash equivalents totaled $174.7 million and $132.9 million as of June 30, 2021 and December 31, 2020, respectively. We diversify the holdings of such cash and cash equivalents considering the financial condition and stability of the counterparty institutions.

We reinvest our cash flows to grow our client base, expand our infrastructure, for investment in research and development, for strategic acquisitions and to pay dividends.

Cash Flows from Operating Activities

For the six months ended June 30, 2021 and 2020, net cash flows provided by operating activities was $132.8 million and $105.3 million, respectively. The increase is primarily due to a $46.9 million increase in net cash income from operations offset by a $19.3 million reduction in net working capital.

Cash Flows from Investing Activities

For the six months ended June 30, 2021 and 2020, net cash flows used in investing activities was $505.3 million and $36.3 million, respectively. The increase was due to a $477.3 million increase related to acquisitions offset by a $8.3 million decrease in capital expenditures.

Cash Flows from Financing Activities

For the six months ended June 30, 2021 and 2020, net cash flows (used in) provided by financing activities was $400.5 million and $332.8 million, respectively. The change in net cash flows from 2020 to 2021 was primarily due to a $39.0 million net million increase in the line of credit and a $37.2 million decrease in payments of contingent consideration offset by a $4.3 million increase in shareholder dividends.

Free Cash Flow

Free cash flow (see “Presentation of Non-GAAP Measurements” below for the definition of free cash flow) increased slightly for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 primarily due to an increase in net cash from operations offset by a decrease in working capital and lower capital expenditures. Free cash flow was $109.2 million and $73.4 million for the six months ended June 30, 2021 and 2020, respectively.

Presentation of Non-GAAP Measurements

Free Cash Flow

Free cash flow is a non-GAAP liquidity measurement. We believe that free cash flow is useful to our investors because it measures, during a given period, the amount of cash generated that is available for debt obligations and investments other than purchases of property, plant and equipment. Free cash flow is not a measure determined by GAAP and should not be considered a substitute for “income from operations,” “net income,” “net cash provided by operating activities,” or any other measure determined in accordance with GAAP. We believe this non-GAAP liquidity measure is useful, in addition to the most directly comparable GAAP measure of “net cash provided by operating activities,” because free cash flow includes investments in operational assets. Free cash flow does not represent residual cash available for discretionary expenditures, since it includes cash required for debt service. Free cash flow also includes cash that may be necessary for acquisitions, investments and other needs that may arise.

The following table reconciles net cash provided by operating activities to free cash flow for our consolidated results (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash provided by operating activities	$ 63,052	$ 43,113	$ 132,839	$ 105,278
Less: Purchases of property, plant and equipment	12,028	15,102	23,593	31,915
Free cash flow	$ 51,024	$ 28,011	$ 109,246	$ 73,363

Obligations and Future Capital Requirements

There were no material changes to the Company’s contractual obligations and future capital requirements outside the normal course of business from the date of our 2020 Form 10-K filing on March 1, 2021 through the filing of this report.

Future Capital Requirements

We expect total capital expenditures in 2021 to be between 2.9% and 3.1% of revenue. Approximately 60% of these expected capital expenditures are to support growth in our business and 40% relate to the maintenance for existing assets. The anticipated level of 2021 capital expenditures is primarily driven by new client contracts and the corresponding requirements for additional customer engagement center capacity as well as enhancements to our technological infrastructure.

The amount of capital required over the next 12 months will depend on our levels of investment in infrastructure necessary to maintain, upgrade or replace existing assets. Our working capital and capital expenditure requirements could also increase materially in the event of acquisitions or joint ventures, among other factors. These factors could require that we raise additional capital through future debt or equity financing. We can provide no assurance that we will be able to raise additional capital upon commercially reasonable terms acceptable to us.

Client Concentration

During the six months ended June 30, 2021, one of our clients represented more than 10% of our total revenue. Our five largest clients, collectively, accounted for 36.4% and 39.9% of our consolidated revenue for the three months ended June 30, 2021 and 2020, respectively and 39.0% and 37.1% of our consolidated revenue for the six months ended June 30, 2021 and 2020, respectively. We have had long-term relationships with our top five TTEC Engage clients, ranging from 15 to 21 years, with all of these clients having completed multiple contract renewals with us. The relative contribution of any single client to consolidated earnings is not always proportional to the relative revenue contribution on a consolidated basis and varies greatly based upon specific contract terms. In addition, clients may adjust business volumes served by us based on their business requirements. We believe the risk of this concentration is mitigated, in part, by the long-term contracts we have with our largest clients. Although certain client contracts may be terminated for convenience by either party, we believe this risk is mitigated, in part, by the service level disruptions and transition/migration costs that would arise for our clients if they terminated our contract for convenience.

Some contracts with our five largest clients expire between 2021 and 2023, but most of our largest clients have multiple contracts with us with different expiration dates for different lines of work. We have historically renewed most of our contracts with our largest clients, but there can be no assurance that future contracts will be renewed or, if renewed, will be on terms as favorable as the existing contracts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our consolidated financial position, consolidated results of operations, or consolidated cash flows due to adverse changes in financial and commodity market prices and rates. Market risk also includes credit and non-performance risk by counterparties to our various financial instruments. We are exposed to market risk due to changes in interest rates and foreign currency exchange rates (as measured against the U.S. dollar); as well as credit risk associated with potential non-performance of our counterparty banks. These exposures are directly related to our normal operating and funding activities. We enter into derivative instruments to manage and reduce the impact of currency exchange rate changes, primarily between the U.S. dollar/Philippine peso, the U.S. dollar/Mexican peso, and the Australian dollar/Philippine peso. We enter into interest rate derivative instruments to reduce our exposure to interest rate fluctuations associated with our variable rate debt. To mitigate against credit and non-performance risk, it is our policy to only enter into derivative contracts and other financial instruments with investment grade counterparty financial institutions and, correspondingly, our derivative valuations reflect the creditworthiness of our counterparties. As of the date of this report, we have not experienced, nor do we anticipate, any issues related to derivative counterparty defaults.

Interest Rate Risk

We have previously entered into interest rate derivative instruments to reduce our exposure to interest rate fluctuations associated with our variable rate debt. The interest rate on our Credit Agreement is variable based upon the Prime Rate and LIBOR and, therefore, is affected by changes in market interest rates. As of June 30, 2021, we had $834.0 million of outstanding borrowings under the Credit Agreement. Based upon average outstanding borrowings during the three months ended June 30, 2021, interest accrued at a rate of approximately 1.3% per annum, respectively. If the Prime Rate or LIBOR increased by 100 basis points, there would be an annualized $1.0 million of additional interest expense per $100.0 million of outstanding borrowing under the Credit Agreement.

Foreign Currency Risk

Our subsidiaries in the Philippines, Mexico, India, Bulgaria and Poland use the local currency as their functional currency for paying labor and other operating costs. Conversely, revenue for these foreign subsidiaries is derived principally from client contracts that are invoiced and collected in U.S. dollars or other foreign currencies. As a result, we may experience foreign currency gains or losses, which may positively or negatively affect our results of operations attributed to these subsidiaries. For the six months ended June 30, 2021 and 2020, revenue associated with this foreign exchange risk was 17% and 19% of our consolidated revenue, respectively.

In order to mitigate the risk of these non-functional foreign currencies weakening against the functional currencies of the servicing subsidiaries, which thereby decreases the economic benefit of performing work in these countries, we may hedge a portion, though not 100%, of the projected foreign currency exposure related to client programs served from these foreign countries through our cash flow hedging program. While our hedging strategy can protect us from adverse changes in foreign currency rates in the short term, an overall weakening of the non-functional foreign currencies would adversely impact margins in the segments of the servicing subsidiary over the long term.

Cash Flow Hedging Program

To reduce our exposure to foreign currency exchange rate fluctuations associated with forecasted revenue in non-functional currencies, we purchase forward and/or option contracts to acquire the functional currency of the foreign subsidiary at a fixed exchange rate at specific dates in the future. We have designated and account for these derivative instruments as cash flow hedges for forecasted revenue in non-functional currencies.

While we have implemented certain strategies to mitigate risks related to the impact of fluctuations in currency exchange rates, we cannot ensure that we will not recognize gains or losses from international transactions, as this is part of transacting business in an international environment. Not every exposure is or can be hedged and, where hedges are put in place based on expected foreign exchange exposure, they are based on forecasts for which actual results may differ from the original estimate. Failure to successfully hedge or anticipate currency risks properly could adversely affect our consolidated operating results.

Our cash flow hedging instruments as of June 30, 2021 and December 31, 2020 are summarized as follows (in thousands). All hedging instruments are forward contracts, except as noted.

As of June 30, 2021	Local Currency Notional Amount	U.S. Dollar Notional Amount	% Maturing in the next 12 months	Contracts Maturing Through
Canadian Dollar	350	$ 265	100.0 %	July 2021
Philippine Peso	7,512,000	146,467 (1)	53.3 %	May 2024
Mexican Peso	1,204,500	53,733	44.3 %	December 2024
		$ 200,465		

As of December 31, 2020	Local Currency Notional Amount	U.S. Dollar Notional Amount
Canadian Dollar	2,450	$ 1,853
Philippine Peso	6,725,000	130,468 (1)
Mexican Peso	1,159,500	52,398
		$ 184,719

(1) Includes contracts to purchase Philippine pesos in exchange for New Zealand dollars and Australian dollars, which are translated into equivalent U.S. dollars on June 30, 2021 and December 31, 2020.

The fair value of our cash flow hedges as of June 30, 2021 was assets/(liabilities) (in thousands):

	June 30, 2021	Maturing in the Next 12 Months
Canadian Dollar	$ 18	$ 18
Philippine Peso	5,256	3,484
Mexican Peso	2,671	1,829
	$ 7,945	$ 5,331

Our cash flow hedges are valued using models based on market observable inputs, including both forward and spot foreign exchange rates, implied volatility, and counterparty credit risk. The decrease in fair value from December 31, 2020 reflects changes in the currency translation between the U.S. dollar and Mexican Peso.

We recorded net gains of $2.4 million and $0.2 million for settled cash flow hedge contracts and the related premiums for the six months ended June 30, 2021 and 2020, respectively. These gains were reflected in Revenue in the accompanying Consolidated Statements of Comprehensive Income (Loss). If the exchange rates between our various currency pairs were to increase or decrease by 10% from current period-end levels, we would incur a material gain or loss on the contracts. However, any gain or loss would be mitigated by corresponding increases or decreases in our underlying exposures.

Other than the transactions hedged as discussed above and in Part I, Item 1. Financial Statements, Note 6 to the Consolidated Financial Statements, the majority of the transactions of our U.S. and foreign operations are denominated in their respective local currency. However, transactions are denominated in other currencies from time-to-time. We do not currently engage in hedging activities related to these types of foreign currency risks because we believe them to be insignificant as we endeavor to settle these accounts on a timely basis. For the six months ended June 30, 2021 and 2020, approximately 14% and 15%, respectively, of revenue was derived from contracts denominated in currencies other than the U.S. Dollar. Our results from operations and revenue could be adversely affected if the U.S. Dollar strengthens significantly against foreign currencies.

Fair Value of Debt and Equity Securities

We did not have any investments in marketable debt or equity securities as of June 30, 2021 or December 31, 2020.

ITEM 4. CONTROLS AND PROCEDURES

This report includes the certifications of our Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”) required by Rule 13a-14 of the Securities Exchange Act of 1934 (the “Exchange Act”). See Exhibits 31.1 and 31.2. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation under the supervision and with the participation of management, including the CEO and CFO, of the effectiveness of our disclosure controls and procedures, as of June 30, 2021, the end of the period covered by this Form 10-Q. Based on this evaluation, our CEO and CFO have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective at the reasonable assurance level.

Inherent Limitations of Internal Controls

Our management, including the CEO and CFO, believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of internal control are met. Further, the design of internal controls must consider the benefits of controls relative to their costs. Inherent limitations within internal controls include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of controls. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. While the objective of the design of any system of controls is to provide reasonable assurance of the effectiveness of controls, such design is also based in part upon certain assumptions about the likelihood of future events, and such assumptions, while reasonable, may not take into account all potential future conditions. Thus, even effective internal control over financial reporting can only provide reasonable assurance of achieving their objectives. Therefore, because of the inherent limitations in cost effective internal controls, misstatements due to error or fraud may occur and may not be prevented or detected.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Part I, Item 1. Financial Statements, Note 10 to the Consolidated Financial Statements of this Form 10-Q is hereby incorporated by reference.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A, Risk factors, in our 2020 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. In addition to the risk factors identified in our 2020 Annual Report, please consider the following revised risk factor.

Cyberattacks, cyber fraud, and unauthorized information disclosure could harm our reputation, result in liability and service outages, any of which could adversely affect our business and results of operations

Our business involves the use, storage, and transmission of information about our clients, their customers, and our employees. We also monitor and support information systems for certain clients through cloud-based and on-client-premises managed services model. While we take reasonable measures to protect the security of and unauthorized access to our systems and to our clients' systems; and the privacy of personal and proprietary information that we access and store, our security controls over our systems may not be adequate to prevent the improper access to these systems or disclosure of information stored on these systems. Such unauthorized access or disclosure could subject TTEC to significant liability under relevant law or our contracts and could harm our reputation, resulting in impacts on our results of operations, loss of future revenue and business opportunities. These risks may further increase as our business model now includes higher percentage of work from home delivery, in addition to our traditional delivery through customer experience centers.

In recent years, there have been an increasing number of high-profile security breaches at companies and government agencies, and security experts have warned about the growing risks of hackers, cybercriminals and state actors launching a broad range of ransomware, data exfiltration, and other cyberattacks targeting information technology systems. Information security breaches, computer viruses, service interruption, loss of business data, DDoS (distributed denial of service) attacks, ransomware and other cyberattacks on any of our systems or on our clients' systems that we manage could disrupt our normal operations of customer experience centers, our remote customer experience service delivery, our cloud platform digital offerings, our clients' on-premise managed service offerings, and our enterprise services, impeding our ability to provide critical services to our clients.

On July 2, 2021, our subsidiary Avtex Solutions, LLC ("Avtex") and some of its clients experienced a ransomware attack as part of a global supply chain compromise that impacted thousands of companies worldwide and is believed to have been orchestrated by a Russian-based REvil cybercriminal group. The attack exploited a vulnerability in a Kaseya VSA remote monitoring software that Avtex utilized in its managed services solution ("Kaseya REvil attack"). TTEC systems and TTEC's client support environments, outside of Avtex, were not impacted by the Kaseya REvil attack. Utilizing its standard cyber incident response protocols, TTEC recovered Avtex's operating environment within hours of the attack and restored Avtex to full operating capacity by July 3, 2021. Over the course of the following weeks, the Company assisted Avtex's affected clients in restoring their systems to full operations. While we believe that we have remediated the immediate consequences of the incident, cybersecurity events may have cascading effects that unfold over time and result in additional costs, including costs associated with investigations, contractual claims, performance penalties, litigation, future business cancelations and other losses. Any perception by existing and prospective clients that our systems or the information system environments that we support for our clients are not secure could result in a material loss of business and revenue and damage our reputation and competitiveness.

As others in many industries, we are experiencing an increase in frequency of cyber-fraud attempts, such as so-called "social engineering" attacks and phishing scams, which typically seek unauthorized money transfers or information disclosure. We actively train our employees to recognize these attacks and have implemented proactive risk mitigation measures to curb them. There are no assurances, however, that these attacks, which are growing in sophistication, may not deceive our employees, resulting in a material loss.

While we have taken reasonable measures to protect our systems and processes from unauthorized intrusions and cyber-fraud, we cannot be certain that advances in cyber-criminal capabilities, discovery of new system vulnerabilities, and attempts to exploit such vulnerabilities will not compromise or breach the technology protecting our systems and the information that we manage and control, which could result in damage to our systems, our reputation, and our profitability.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

In November 2001, our Board of Directors ("Board") authorized a stock repurchase program with the objective of increasing stockholder returns. The Board periodically authorizes additional increases to the program. The most recent Board authorization to purchase additional common stock occurred in February 2017, whereby the Board increased the program allowance by $25.0 million. Since inception of the program through June 30, 2021, the Board has authorized the repurchase of shares up to a total value of $762.3 million, of which we have purchased 46.1 million shares on the open market for $735.8 million. The Company did not repurchase any of its shares during the three months ended June 30, 2021. As of June 30, 2021 the remaining amount authorized for repurchases under the program was approximately $26.6 million. The stock repurchase program does not have an expiration date.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated Herein by Reference		
		Form	Exhibit	Filing Date
10.27*	Form of TTEC Holdings, Inc. Performance Restricted Stock Unit Agreement (Executive Committee Members) effective March 3, 2021			
10.28*	Form of TTEC Holdings, Inc. Restricted Stock Unit Award Agreement effective July 1, 2021			
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)			
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)			
101.SCH	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			

101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	The cover page from TTEC Holdings, Inc’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL

* Filed or furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		TTEC HOLDINGS, INC. (Registrant)
Date: August 3, 2021	By:	/s/ Kenneth D. Tuchman Kenneth D. Tuchman Chairman and Chief Executive Officer
Date: August 3, 2021	By:	/s/ Regina M. Paolillo Regina M. Paolillo Chief Financial Officer

TTEC HOLDINGS, INC. PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

This Performance Restricted Stock Unit Agreement (this "**Agreement**") is made to be effective as of ___________ (the " **Grant Date**") by and between TTEC Holdings, Inc., a Delaware corporation (the "**Company**" or “**TTEC**”) and ________ (the "**Executive**").

This Agreement is governed by the terms of the TTEC Holdings, Inc. 2020 Equity Incentive Plan (the ‘**Plan**’), pursuant to which the Company may grant equity awards to eligible employees, directors and consultants of the Company and its affiliates.

Capitalized terms that are used but not defined in this Agreement have the meaning ascribed to them in the Plan. The terms and provisions of the Plan as they may be amended from time to time are incorporated into this Agreement by reference. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

The parties agree to be legally bound by this Agreement, and in exchange for sufficient consideration, the adequacy of which is not in question, agree as follows:

1. ANNUAL EQUITY TARGET MODIFIED.

The Executive’s employment arrangement (agreement or otherwise) with the Company

(“**Employment Arrangement**”) provides for the Executive’s eligibility to participate in TTEC’s annual Equity Program, designed to provide long term incentives for senior executives and to align their interests with the interests of the Company’s stockholders. The Executive’s target eligibility under the Employment Arrangement is *up to* US **$**______ in fair market value of TTEC

equity calculated as of market close on the Grant Date, rounded up or down to a whole number of shares. At the start of the employment arrangement, the long-term incentive opportunity was

generally offered in the form of restricted stock units (“**RSUs**”) vesting over time (“**Original RSU**

Target”).

Pursuant to the Employment Arrangement, the Company, on direction from the Compensation Committee of the Board, may modify executives’ equity compensation incentives from time to time, provided such modifications are not to the detriment of the Executive.

Based on the foregoing, for the 2021 Equity award, the Company hereby bifurcates the Original

RSU Target into two separate equity opportunities:

(1) a time based RSU (“**TRSU**”) opportunity similar in all characteristics to the equity eligibility as described in the Employment Arrangement, and

(2) a performance based RSU (“**PRSU**”) opportunity based on the Company’s revenue and operating income performance.

Each of the TRSU and PRSU opportunities shall be equal to 50% of the Original RSU Target.

The TRSU opportunity is not the subject of this Agreement and any awards with respect to it shall be made in ordinary course pursuant to TTEC’s standard RSU agreement.

2. <u>PRSU OPPORTUNITY BASED ON TTEC PERFORMANCE DURING THE AWARD PERIOD</u>. Pursuant to the Plan and subject to the provisions of this Agreement, the Company hereby irrevocably provides to the Executive a performance based restricted stock unit award covering a target of ________ Shares of Company stock (the "**2021 PRSU Grant**")[1] that will vest as further described below and in <u>Paragraph 3</u>.

The number of Shares that the Executive shall actually earn in connection with the 2021 PRSU Award will be determined based on the Company's performance on the Revenue and Operating Income goals for the Company's fiscal year 2023 (**Measurement Period**").

The Executive's entitlement to any PRSUs under the 2021 PRSU Award is conditioned on the Executive's continuing employment with the Company as of the Vesting Date specified in Section 6, below. If Executive's employment with TTEC terminates (for any reason) before 2021 PRSUs vest, the Executive shall forfeit any right he/she has with respect to the Shares not yet vested. The provisions of this paragraph are subject to specific exceptions provided in <u>Paragraph 7(b)</u> of this Agreement.

3. <u>2021 PRSU AWARD EARNING OPPORTUNITIES</u>.

a. The PRSU payout opportunity will be calculated as follows: 50% based on the Revenue goal achievement and 50% based on the post-bonus Operating Income goal achievement, each measured as of the end of the Measurement Period.

b. <u>Performance Goals</u>. The following table outlines the performance goal and payout opportunity tiers for the 2021 PRSU Award.

	2023 Target *(amounts in millions)*		
2020 Baseline	**Revenue**	**% of Change Based on 2020 Results**	**Payout %**
$1,949.2	$2,256.21 5.00%	5.0% CAGR	**Minimum Threshold – 50%**
	$2,354.29 6.50%	6.5% CAGR	**Target – 100%**
	$2,455.18 8.00%	8.0% CAGR	**Above Target – 150%**
	$2,594.12 **10.00%**	10.0% **CAGR**	**Max Target – 200%**

[1] The target number of Shares is equal to $XX *divided by* the fair market value of TTEC Stock as of market close on the Grant Date.

2020 Baseline	2023 Target (amounts in millions) Post-Bonus OI	% of Change Based on 2020 Results	Payout %
$211.60	$244.95	5.0%	Minimum Threshold – 50%
	5.00%	CAGR	
	$255.60	6.5%	Target – 100%
	6.50%	CAGR	
	$266.56	8.0%	Above Target – 150%
	8.00%	CAGR	
	$281.64	10.0%	Max Target – 200%
	10.00%	**CAGR**	

c. Payout Calculations. The PRSU opportunity will max-out at 200% of the PRSU Award amount regardless of the actual Revenue and/or post-bonus Operating Income earned by the Company in the Measurement Period.

If the Revenue and/or Operating Income for the Measurement Period falls below the period's Minimum Threshold, as stated above, the portion of the Award attributable to the relevant performance metric that is below the Minimum Threshold will not be paid.

When the Revenue or Operating Income for the Measurement Period falls between designated payout tiers, the actual PRSUs paid for that period will be prorated accordingly, with the same proration rules applying for all executives who are subject to the PRSU opportunity.

d. Definitions.

"**Revenue**" for purposes of PRSU Award calculations for the Measurement Period will be equal to TTEC GAAP revenue, as publicly disclosed in TTEC's earnings release for that calendar year, adjusted at the discretion of TTEC Compensation Committee of the Board for material Unbudgeted and Unanticipated Items.

"**Operating Income**" for purposes of PRSU Award calculations for the Measurement Period, will be equal to TTEC non-GAAP operating income, as publicly disclosed in TTEC's earnings release for that calendar year, adjusted at the discretion of the Compensation Committee of the Board for material Unbudgeted and Unanticipated Items.

"**Unbudgeted and Unanticipated Items**" may include among others, as determined by the Compensation Committee of the Board, investments, divestitures, costs associated with natural disasters, storms or pandemics, foreign exchange variations, capital markets transaction costs, and material litigation costs that could not have been reasonably anticipated in the ordinary course of business. Revenue and operating income associated with acquisitions closed during the Measurement Period shall ***not*** be excluded for purposes of the 2021 PRSU Revenue and Operating Income metrics calculation.

"**Measurement Period**" for purposes of 2021 PRSU Award is as stated in Paragraph 2 (i.e. the Company's 2023 fiscal year). For avoidance of doubt, the measurement period is not a multi-year period but is solely fiscal year 2023.

"**Grant Date**" is the effective date of this Agreement when PRSUs for 2021 PRSU Award are granted.

"**Vesting Date**" for purposes of 2021 PRSU grant shall be as stated in Paragraph 6 of this Agreement.

"**Minimum Threshold**" for purposes of this Award is the minimum level of Revenue and OI in any Measurement Period below which the PRSU incentive does not pay.

4. CATCH-UP RIGHTS.

The purpose of the PRSU Award is to reward the Executive for maintaining a longer-term view for the performance of the Company by driving exceptional performance over the Measurement Period, as reflected in the performance metrics of the Company at the end of the Measurement Period. Therefore, there are not catch-up rights with respect to the 2021 PRSU Award. If the Company performed well at the end of the prior or future periods, the rewards with respect to that performance would be reflected in other PRSU awards with respect to those periods; the 2021 PRSU Award, however, will be based on the financial results of the Company as of the end of and for fiscal year 2023 only.

5. EXECUTIVE' S 2020 AWARD PAYOUT OPPORTUNITY.

2021 PRSU AWARD/PAYOUT	MINIMUM THRESHOLD 50%	@GOAL 100%	ABOVE TARGET 150%	MAX TARGET 200%
REVENUE GOAL ACHIEVEMENT	XX SHARES	XX SHARES	XX SHARES	XX SHARES
OPERATING INCOME GOAL ACHIEVEMENT	XX SHARES	XX SHARES	XX SHARES	XX SHARES

6. VESTING DATES.

The 2021 PRSU Award shall have a Vesting Date in March 2024, after the Company releases its 2023 earnings to the public.

7. CHANGE IN CIRCUMSTANCES.

a. If prior to the end of the Measurement Period the Company engages in a capital markets transaction, restructuring, business combination, recapitalization, stock split, extraordinary special stock dividend, consolidation, rights offering, spin-off, or the like ("**Material Transaction**") the result of which would make fair and equitable measurement of the Company's Revenue and Operating Income for the Measurement Period no longer practical, the Compensation Committee of the Board would have discretion to adjust and modify performance goals and payout targets to preserve the intended incentive opportunities under this PRSU Award.

b. If the Material Transaction constitutes a Change in Control event as that term is defined in the 2020 Equity Incentive Plan, the PRSUs shall convert to time based RSUs, based on the presumed value of the Award @Goal for the Measurement Period.

c. Further, if the Executive in good standing is separated from the Company without Cause (including pursuant to a Constructive Termination) in connection with, or as a result of a Change in Control event during the COC Period, as those underlined term are defined in the Employment Arrangement, then the Company, as part of Executive's separation settlement, will provide the Executive with an incremental compensation within 74 days of termination that reflects the value of the Shares that the Executive would be entitled to earn, if he/she was permitted to stay with the Company through the Vesting Date, taking into account the conversion of the PRSUs to time based RSUs @Goal upon the occurrence of the Change in Control. Any voluntary separations, separations for performance issues or for cause shall not be subject to similar accommodation and, in that instance, any 2021 PRSU rights would forfeit as provided in Paragraph 2.

8. Non-competition; Non-solicitation; Change in Control.

a. This Agreement incorporates by reference all Non-Competition, Non-Solicitation, Acceleration, and Change in Control provisions of the Employment Arrangement, including any duration periods provided therein.

b. Acknowledgements.

(i) Executive acknowledges that the non-competition and non-solicitation provisions incorporated into this Agreement by reference are fair and reasonable with respect to their scope and duration, given the Executive's position with TTEC and the impact such activities would have on the TTEC business.

(ii) Executive further acknowledges that the geographic restriction on competition included in the referenced and incorporated provisions is fair and reasonable, given the nature and geographic scope of the TTEC business, the investment of capital and resources by Company to develop its business operations, and the strategic position that the Executive holds within TTEC.

(iii) Executive also acknowledges that while employed or otherwise affiliated with TTEC, Executive has access to proprietary and unique trade secret information that would be valuable or useful to Company's competitors and that Executive has access to Company's valuable customer relationships and thus acknowledges that the restrictions on Executive's future employment and business activities in TTEC's industry as set forth in the referenced and incorporated provisions are fair and reasonable.

(iv) Executive acknowledges and is prepared for the possibility that Executive's standard of living may be reduced during the non-competition and/or non-solicitation period and assumes and accepts any risk associated with that possibility, and further acknowledges that any such drop in Executive's standard of living does not constitute undue hardship.

9. Miscellaneous Provisions.

a. Consideration. The Company is providing this PRSU Award opportunity in consideration of the services that the Executive is providing to the Company through the Vesting Date, and other mutual covenants provided in this Agreement.

b. Administration Delegation. Pursuant to the delegations of authority that the

Compensation Committee of the Board has made with respect to the administration of the Plan, the Chief Financial Officer and Chief People (HR) Officer of the Company, in their discretion but acting in concert, shall have the authority to determine the effect of all matters and questions with respect to the Executive's termination of affiliation with the Company and whether continuous services are being provided as these matters relate to the PRSU Award payout or vesting, including, without limitation, the question of whether a termination of service has occurred, whether a leave of absence or disability constitute a termination of service and other similar questions.

c. Grant of Equity; Rights are Non-Transferable. This Agreement is a grant of an equity- based incentive related to the Company. Subject to any exceptions set forth in this Agreement or the Plan, the rights conveyed by this Agreement and any related rights may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Executive. Any attempt to assign, alienate, pledge, attach, sell or transfer or encumber the PRSU Award rights shall be ineffective and, if any such attempt is made, the PRSU Award rights conveyed hereunder will be forfeited by the Executive and all other rights that the Executive may have under the Plan and this Agreement shall immediately terminate without any payment or consideration by TTEC.

d. Dodd-Frank and Other Incentive Recoupment Provisions. Notwithstanding any other provision in this Agreement, the PRSU Award provided under this Agreement is subject to TTEC Incentive Recoupment Policy promulgated in accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which can be found on TTEC policy website at *https://investors.ttec.com/static-files/c8d8459a-049e-472a-a3ef-35654486a970* (and if no longer available via this link by contacting TTEC Legal or HC departments).

e. No Right to Continuing Service. Neither the Plan nor this Agreement shall confer upon the Executive any right to be retained in any position, as an employee, consultant or director of TTEC. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of TTEC to terminate the Executive's services (employment or otherwise) at any time, with or without cause.

f. Tax Liability and Withholding. The Executive shall be required to pay, and the Company or its administrator shall have the right to deduct from any compensation paid to the Executive pursuant to the Plan and the PRSU Award, the amount of any required withholding taxes applicable upon the vesting of the PRSU Award or the issuance of the Common Stock of the Company (or cash equivalent) and to take all such other action as the Company deems necessary to satisfy all obligations for the payment of such withholding taxes. At the Executive's discretion, the 2021 PRSU Award may be subject to Share withholding for tax purposes, where a portion of Shares to be received may be used (netted against the Shares otherwise receivable) by the Company to cover the Executive's tax obligations in connection with Award.

g. Compliance with Law. The issuance and transfer of shares of Common Stock of the Company upon the vesting of the RSU Award shall be subject to compliance by the Company and the Executive with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its legal counsel. The Executive understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to affect such compliance.

h. Executive Equity Holding Guidelines. The Executive is subject to the TTEC Executive Stock Ownership Guidelines, attached to this Agreement and incorporated by reference as Appendix A. By signing below the Executive (a) confirms that he/she is (i) aware of the Company's expectations with respect to the Executive Stock Ownership holdings in

the Company, (ii) the time the Executive has to honor these expectations and (iii) how the Company envisions that the Executive reaches the appropriate holding levels; and (b) hereby agrees to exercise best efforts to meet such expectations.

i. Data Privacy. Executive hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Executive's personal data as described in this Agreement and any other PRSU grant materials by and among, as applicable, the Executive's employer, the Company and its other affiliates for the exclusive purpose of implementing, administering and managing Executive's participation in the Plan. Executive understands that TTEC and the Company may hold certain personal information about the Executive, including, but not limited to, Executive's name, home address and telephone number, date of birth, social security or other national identification number or insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in TTEC, details of all PRSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Executive's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Executive understands that Data may be transferred to a stock plan service provider ("Service Provider") that may be selected by TTEC, which is assisting TTEC with the implementation, administration and management of the Plan. Executive authorizes TTEC and the Service Provider and any other possible recipients which may assist TTEC (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Executive understands that Data will be held only as long as is necessary to implement, administer and manage Executive's participation in the Plan.

Further, Executive understands that he or she is providing the consents herein on a voluntary basis. If Executive does not consent, or if Executive later seeks to revoke his or her consent, his or her employment status or service and career with the employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Executive's consent is that TTEC would not be able to grant Executive PRSUs or other equity awards or administer or maintain such awards. Therefore, Executive understands that refusing or withdrawing his/her consent may affect Executive's ability to participate in the Plan. For more information on the consequences of Executive's refusal to consent or withdrawal of consent, Executive understands that he/she may contact his/her human capital representative.

I. Governing Law and Dispute Resolution.

(i) Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Delaware, U.S.A. without regard to conflict of law principles.

(ii) Disputes. The parties agree that any action arising from or relating in any way to this Agreement or the Plan shall be resolved and tried in the state or federal courts situated in Denver, Colorado, U.S.A. The parties' consent to jurisdiction and venue of those courts to the greatest extent allowed by law.

In this regard, the Executive acknowledges and admits to all or a combination of several following substantial contacts with the State of Colorado: (A) Executive is employed, provides services for or otherwise is affiliated with a legal entity headquartered in the State of Colorado, U.S.A.; (B) Executive receives the compensation in a form of checks or wire transfers that are drawn either directly or indirectly, from bank accounts in

Colorado; (C) Executive regularly interacts with, contacts and is contacted by other TTEC employees and executives in Colorado; (D) Executive either routinely travels to or attends business meetings in Colorado; and (E) Executive receives substantial compensation and benefits as a result of TTEC being a corporation headquartered in and subject to the laws of Colorado. Based on these and other contacts, the Executive acknowledges that he/she could reasonably be subject to the laws of Colorado.

(iii) Attorneys' fees. The party that substantially prevails in any action to enforce any provision of this Agreement shall recover all reasonable costs and attorneys' fees incurred in connection with the action.

j. Administration of the Agreement and Awards.

(i) Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Executive or the Company to the Compensation Committee of the Board for review. The resolution of such dispute by the Compensation Committee of the Board shall be final and binding on the Executive and the Company.

(ii) Settlement of Vested PRSUs. PRSUs subject to a PRSU Award shall be settled pursuant to the terms of the Plan, in stock or cash, as soon as reasonably practicable and in all events within 74 days following the vesting thereof as provided in this Agreement.

(iii) Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Executive and the Executive's beneficiaries, executors, administrators and the person(s) to whom the rights under this Agreement may transfer by will or the laws of descent or distribution.

(iv) Discretionary Nature of All Future Awards. This PRSU Award is voluntary and occasional and does not create any contractual, statutory or other right to receive future PRSU Awards, or benefits in lieu of PRSUs, even if the PRSUs have been granted in the past. Future PRSU Awards, if any, will be at the sole discretion of the Company.

(v) No Impact on Other Benefits. Except as otherwise provided in the Employment Arrangement, the value of the Executive's awards hereunder is not part of his/her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

k. Confidentiality. Executive agrees not to disclose, directly or indirectly, to any other employee, director or consultant of TTEC or an affiliate and to keep confidential all information related to any Awards granted to Executive, pursuant to the Plan, including the amount of any such Award and its vesting schedule.

l. Severability and Entirety. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

The Agreement (including the Plan) constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, oral or written, between the Company and Executive relating to Executive's entitlement to PRSUs or similar benefits, under the Plan.

m. IRS Section 409A. This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from, or complies with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the Internal Revenue Service guidance and Treasury Regulations thereunder (collectively, "Section 409A").

n. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

o. Acceptance. The Executive hereby acknowledges receipt of a copy of the Plan and this Agreement. The Executive has read and understands its terms and provisions and accepts the PRSU Award rights including modifications to the Employment Arrangements that they represent, subject to the terms and conditions of the Plan and this Agreement. The Executive acknowledges that there may be adverse tax consequences upon the

grant or vesting of the PRSUs or disposition of the underlying shares and that the Executive has been advised to consult a tax advisor prior to such grant, vesting or disposition.

The parties have executed this Agreement as of the date first above written.

TTEC Holdings, Inc.

Regina Paolillo, Chief Financial & Administrative Officer

Date:

ACKNOWLEDGEMENT

Date: ________________

APPENDIX A

Executive Stock Ownership Guidelines

Equity provides the opportunity for the company to further invest in the employees who passionately uphold our values while driving the business with an entrepreneurial spirit. Company leaders who think and act like owners are crucial to our success and encouraging star players to actively participate in company growth is key to building our future together.

When a company's board of directors, shareholders and employees align their interest in organization's long-term success, the stage is set for true transformation. To that end, TTEC has adopted Stock Ownership Guidelines to encourage company leaders (group vice president-level and above) to align their interests with TTEC and our stockholders and to focus on value creation, while sharing in the company's success. The following are answers to questions you may have about TTEC's new Executive Stock Ownership Guidelines.

Executive Stock Ownership Guidelines

Q. Why are we implementing an Ownership Guideline?
A. The Guidelines are designed to align our senior leaders' interests with our shareholders' interest, driving a long-term vision and commitment to creating company value. The Executive Ownership Guidelines are also designed to:

• Support confidence in company strategy to execute our business transformation
• Allow us to remain an attractive and competitive choice for executive-level talent by adopting best practices
• Align executive behavior with external shareholder expectation
• Drive long-term accountability
• Enable company success

Q. How much stock should I hold as a company leader?
A. The new Executive Stock Ownership Guidelines call for TTEC group vice presidents and above to hold a multiplier of base compensation in TTEC stock (based on Fair Market Value (FMV) of stock as it trades on NASDAQ). Employees will have five years from the start of this requirement (or promotion into a new role) to meet the holding Guidelines.

Employee Level	Target Holding Amount within 5 Years
Chief Financial Officer	**3.0 times current base salary**
Executive Vice President	**2.5 times current base salary**
Senior Vice President	**1.5 times current base salary**
Group Vice President	**0.5 times current base salary**

Q. Do I have to buy TTEC stock to meet this holding Guideline?
A. TTEC does not expect you to buy TTEC stock to meet the holdings Guidelines, and how you meet them is entirely up to you. Most employees will be able to meet the requirement by holding a portion of their annual equity grant (net of tax), as it vests.

Q. How many shares should I consider holding from each grant to meet the holding Guidelines?

A. How much you hold from each grant and from each vesting event is entirely up to you. Based on basic modeling, however, we believe that if you hold a percentage of each vesting event from annual Equity Grants (net of tax as indicated in the table below) you should comfortably reach the holding requirement in five years or sooner.

The holding guideline can be satisfied with any stock you hold including:

- the exercise of options to purchase the company's common stock
- the vesting of restricted stock; and
- the vesting of performance shares.

Employee Level	Guideline of Percentage of Net Shares to Hold
Executive Vice President	75%
Senior Vice President	75%
Group Vice President	50%

Once the holding target is reached, you should maintain it during your entire tenure in the role; and as your role changes be aware of the changes in the holding guidelines as well.

Q. Which holdings are considered in calculating my target holding amount?

A. The following holdings will be considered when measuring stock ownership:

- shares owned outright, including shares owned jointly with a spouse;
- shares obtained through the exercise of stock options;
- shares issued upon the vesting of restricted stock and performance shares; and
- earned performance shares.

Q. What happens if I don't reach my target holding amount within the five-year time frame due to market volatility or amount of my equity awards?

A. If the actual Equity Grants you receive and/or market price volatility does not allow an employee to reach the target holding level within the required five-year time frame, the company does not expect employees to invest out of pocket. The company expects the Equity Grants you receive to be the source for the holding requirement and we look to you as a leader to exercise a good faith effort to honor the requirements. If the Equity Grants you receive or market volatility creates a challenge, discuss the matter with your supervisor and your HC partner for a practical resolution.

Q. What if I have a special situation (hardship) that makes maintaining the holding requirement difficult for me?

A. The Executive Ownership Guidelines is designed to align your interests with the company's interests and position you to share in our success. If your personal situation makes the compliance with the Ownership Guidelines a hardship, speak to your HC partner and the Executive Committee level executive responsible for your business segment for guidance and support.

Q. Whom should I contact with questions?

A. If you have questions, please contact Pam LeMasters, vice president, Total Rewards via email or by phone at 303.397.8531.

TTEC HOLDINGS, INC.
RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement (this "**Agreement**") is made and entered into as of ________________ (the "**Grant Date**") by and between TTEC Holdings, Inc., a Delaware corporation (the "**Company**") and _____________ (the "**Grantee**").

This Agreement is governed by the terms of the TTEC Holdings, Inc. 2020 Equity Incentive Plan (the "**Plan**") pursuant to which the Company may grant awards of Restricted Stock Units ("**RSUs**") to Eligible Individuals, including employees, directors and consultants of the Company and its Affiliates (together, "TTEC"). Capitalized terms that are used but not defined herein have the meaning ascribed to them in the Plan. The terms and provisions of the Plan as they may be amended from time to time are incorporated herein by reference. In the event of a conflict between any term or provision contained in this Agreement and its appendicies and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

The parties agree to be legally bound by this Agreement, and in exchange for sufficient consideration, the adequacy of which is not in question, agree as follows:

1. **GRANT OF RSUS**. Pursuant to the Plan, the Company grants to the Grantee an RSU award in the amount of US $_____________, which represents ________ shares of Common Stock of the Company at fair market value as of market close on the Grant Date (rounded up or down to a whole number of shares) and on the terms and conditions provided in this Agreement and the Plan ("**RSU Award**").

2. **CONSIDERATION**. The grant of this RSU Award is in consideration of the services to be rendered by the Grantee to TTEC during the restricted period and for other covenants provided in this Agreement.

3. **RESTRICTED PERIOD; VESTING**. Except as otherwise provided in the Plan and the Agreement and provided that the Grantee provides continuous services to TTEC through each applicable vesting date, the RSUs will vest and the corresponding shares of Common Stock of the Company (or cash equivalent) will be issued in accordance with the following schedule:

VESTING DATE	COMMON STOCK TO VEST
XX	XX% RSUs to vest on this vesting date
XX	XX% RSUs to vest on this vesting date
XX	XX% RSUs to vest on this vesting date
XX	XX% RSUs to vest on this vesting date

The period during which the RSUs remain unvested and forfeitable is referred to as the "**Restricted Period**".

a. The unvested portion of the RSU Award shall be forfeited immediately upon the termination of the Grantee's services to TTEC for any reason, including separation, death, disability or any other reason where the Grantee no longer is providing services to TTEC, and the Company nor its Affiliates shall have any further obligations to the Grantee under this Agreement for such forfeited RSUs.

b. Pursuant to the delegation of the Compensation Committee of the Board, the executive leadership team of the Company (the "Executive Committee"), in its sole discretion, shall have the authority to determine the effect of all matters and questions with respect to Grantee's termination of affiliation with TTEC and whether continuous services are being provided as these matters relate to RSU Award vesting, including, without limitation, the question of whether a termination of service has occurred, whether a leave of absence or disability constitute a termination of service and other similar questions.

c. For purposes of the Plan and this Agreement, a Grantee's status as an employee, director or consultant of TTEC shall be deemed to be terminated in the event that the Company's subsidiary employing or contracting with such Grantee ceases to be a Company subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

4. **Restrictions.** Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period, the unvested portion of the RSU Award and any related rights may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee. Any attempt to assign, alienate, pledge, attach, sell or transfer or encumber the RSU Award or its related rights during the Restricted Period shall be ineffective and, if any such attempt is made, the RSU Award will be forfeited by the Grantee and all of the Grantee's rights under the Plan and this Agreement shall immediately terminate without any payment or consideration by TTEC.

5. **No Right to Continued Service.** Neither the Plan nor this Agreement shall confer upon the Grantee any right to be retained in any position, as an employee, consultant or director of TTEC. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of TTEC to terminate the Grantee's services (employment or otherwise) at any time, with or without cause.

6. **Adjustments.** Subject to the sole discretion of the Board of Directors, TTEC may, with respect to any vested RSUs that have not been settled pursuant to the Plan, make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares that may be used to settle vested RSUs in the event of a change in the corporate structure or shares of TTEC; provided, however, that no adjustment shall be made for the issuance of preferred stock of TTEC or the conversion of convertible preferred stock of TTEC. For purposes of this Section 6, a change in the corporate structure or shares of TTEC includes, without limitation, any change resulting from a recapitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization or liquidation, and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of TTEC or another entity.

7. **TAX LIABILITY AND WITHHOLDING**. The Grantee shall be required to pay, and the Company or its administrator shall have the right to deduct from any compensation paid to the Grantee pursuant to the Plan and the RSU Award, the amount of any required withholding taxes applicable upon the vesting of the RSU Award or the issuance of the Common Stock of the Company (or cash equivalent) and to take all such other action as the Company deems necessary to satisfy all obligations for the payment of such withholding taxes.

8. **NON-COMPETITION AND NON-SOLICITATION**.

8.1 Grantee recognizes that the primary purpose of this RSU Award is to reward the Grantee's performance and to ensure Grantee's loyalty to TTEC, and that this RSU would not be made to Grantee in the absence of the promises below. In consideration of the RSU Award, the Grantee agrees and covenants during the term of his/her affiliation with TTEC (employment or otherwise) and for twelve (12) months thereafter **not to**:

a. Non-Compete Undertaking. Work or otherwise contribute his/her knowledge, directly or indirectly, in whole or in part, as an employee, officer, owner, manager, advisor, consultant, agent, partner, director, significant shareholder (i.e., a shareholder holding more than 5% of outstanding equity in any such entity), volunteer, intern or in any other similar capacity to a business/company engaged in the same or substantially similar business as the Company, its subsidiaries and affiliates, including the delivery of CX (customer experience) technology and orchestration services through public or proprietary cloud-based CXaaS (Customer Experience as a Service) platform; design, building, and operating omnichannel contact center technology, conversational messaging, CRM, automation (AI / ML and RPA), and analytics solutions; and digital customer engagement, customer acquisition & growth, content moderation, fraud prevention, and data annotation solutions (collectively, "TTEC Business"). The Non-Compete Undertaking shall apply throughout the entire territory where the Company actually benefits and where the Company may reasonably expect to benefit from the Grantee's services, but only with respect to that aspect of TTEC Business that is substantially similar to the business that the Grantee was primarily contributing in, while employed by TTEC.

b. Employees Non-Solicitation Undertaking. Solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment, directly or indirectly, of any then current employee of the Company or its subsidiaries and affiliates or anyone who was an employee of the Company within previous six (6) month period; and

c. Client Non-Solicitation Undertaking. Solicit or interfere with business relationships between the Company and its current or prospective (currently actively pursued) clients of the Company or any of its subsidiaries and affiliates for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company or any of its subsidiaries and affiliates.

8.2 If the Grantee breaches any of the covenants and undertakings set forth in this Section 8:

a. All unvested RSU Awards shall be immediately forfeited and cancelled;

b. The value of any vested RSU Awards that have vested must be paid by Grantee back to TTEC since the primary purpose of the RSU Award will not have been realized by TTEC.

c. He/she (but not to the exclusion of those who aid him/her in such breach) shall be liable for all other damages resulting from such breach; and

d. The Grantee hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief at law or specified in this Agreement.

8.3 **Acknowledgements.**

a. Grantee acknowledges that the non-competition and non-solicitation provisions above are fair and reasonable with respect to their scope and duration given the Grantee's position with TTEC and the impact such activities would have on the TTEC Business.

b. Grantee further acknowledges that the geographic restriction on competition in this Section 8 is fair and reasonable, given the nature and geographic scope of the TTEC Business, the investment of capital and resources by Company to develop its business operations, and the nature of Grantee's position with TTEC.

c. Grantee also acknowledges that while employed or otherwise affiliated with TTEC, Grantee has access to proprietary and unique trade secret information that would be valuable or useful to Company's competitors and that Grantee will also have access to Company's valuable customer relationships and thus acknowledges that the restrictions on Grantee's future employment and business activities in TTEC's industry as set forth in this Section 8 are fair and reasonable.

d. Grantee acknowledges and is prepared for the possibility that Grantee's standard of living may be reduced during the non-competition and/or non-solicitation period and assumes and accepts any risk associated with that possibility, and further acknowledges that any such drop in Grantee's standard of living does not constitute undue hardship.

9. **Compliance with Law.** The issuance and transfer of shares of Common Stock of the Company upon the vesting of the RSU Award shall be subject to compliance by the Company and the Grantee with all applicable requirements of the United States federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of the United States federal and state laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its legal counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the U.S. Securities and Exchange Commission, any United States state

securities commission, any securities regulatory body outside of the United States, or any stock exchange to affect such compliance.

If the Grantee is a resident of one of the countries listed on Appendix D to this Agreement, then the country specific provisions found in Appendix D are incorporated into this Agreement by reference.

10. **Equity Holding Guidelines**. Some Grantees may be subject to the TTEC executive Stock Ownership Guidelines, attached to this Agreement and incorporated within it by reference as Appendix A. If in your role you are subject to the Stock Ownership Guidelines, by signing below you (a) confirm that you are (i) aware of the Company's expectations with respect to your equity holdings in the Company, (ii) the time you have to honor these expectations and (iii) how the Company envisions that you reach the appropriate holding levels; and (b) hereby agree to exercise best efforts to meet such expectations.

11. **Data Privacy.** Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Grantee's employer, TTEC and its other Affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan. Grantee understands that TTEC and the employer may hold certain personal information about Grantee, including, but not limited to, Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in TTEC, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Grantee's favor ("**Data**")**,** for the exclusive purpose of implementing, administering and managing the Plan.

    Grantee understands that Data will be transferred to Bank of America, Merrill Lynch or such other stock plan service provider as may be selected by TTEC in the future, which is assisting TTEC with the implementation, administration and management of the Plan. Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Grantee's country. Grantee understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Grantee authorizes TTEC, Bank of America, Merrill Lynch and any other possible recipients which may assist TTEC (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Grantee understands that Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan. Grantee understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If

Grantee does not consent, or if Grantee later seeks to revoke his or her consent, his or her employment status or service and career with the employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Grantee's consent is that TTEC would not be able to grant Grantee RSUs or other equity awards or administer or maintain such awards. Therefore, Grantee understands that refusing or withdrawing his or her consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that he or she may contact his or her local human capital representative.

12. **Governing Law and Dispute Resolution**.

a. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Colorado without regard to conflict of law principles.

b. Disputes. The parties agree that any action arising from or relating in any way to this Agreement or the Plan shall be resolved and tried in the United States federal or state courts situated in Denver, Colorado. Grantee and Company each expressly consents to the personal jurisdiction of the state and United States federal courts located in Denver, Colorado to adjudicate any dispute between Grantee and Employee arising out of or related to this Agreement, regardless of where Grantee executes this Agreement or performs work for the Company. Grantee and Company consent to the exclusive jurisdiction and venue of the state and United States federal courts located in Denver, Colorado to adjudicate any such disputes, and Grantee and Company waive any defenses regarding the propriety of venue, including any argument that venue should not be in Denver, Colorado due to the inconvenience of the forum to the parties or witnesses.

Entering into this Agreement is not a condition of Grantee's employment. If Grantee does not wish to consent to having disputes regarding this Agreement litigated in Colorado, Grantee can reject this Agreement by not signing this agreement. Doing so, however, would mean that none of the terms of this Agreement will apply, including the grant of RSUs offered to Grantee in connection with this Agreement.

c. Attorneys' Fees. The party that substantially prevails in any action to enforce any provision of this Agreement shall recover all reasonable costs and attorneys' fees incurred in connection with the action.

13. **Administration of the Agreement and Awards.**

a. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

b. Settlement of Vested RSUs. RSUs subject to an RSU Award shall be settled pursuant to the terms of the Plan, in stock or cash, as soon as reasonably practicable following the vesting thereof, but in no event later than March 15 of the calendar year following the year in which the RSUs vest.

c. Amendment. The Company has the right to amend, suspend, or cancel the unvested RSUs granted hereunder, prospectively; *provided that*, no such amendment shall adversely affect the Grantee's material rights under this Agreement without the Grantee's consent, and to the extent the RSUs hereby granted are not yet vested and the Grantee is not in breach of the Agreement, the Company shall provide a substitute instrument of equal value and no less favorable terms in exchange for amended, altered, suspended, discontinued or canceled RSUs.

d. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom the RSUs may be transferred by will or the laws of descent or distribution.

e. Discretionary Nature of All Future Awards. This RSU Award is voluntary and occasional and does not create any contractual, statutory or other right to receive future RSU Awards, or benefits in lieu of RSUs, even if the RSUs have been granted in the past. Future Awards, if any, will be at the sole discretion of the Company.

f. No Impact on Other Benefits. The value of the Grantee's Restricted Stock is not part of his/her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

14. **CHANGE OF CONTROL PROVISIONS.** This RSU Award is subject to the Change of Control rights and entitlements as further referenced in Appendix B to this Agreement and incorporated into the Agreement by reference.

15. **CONFIDENTIALITY**. Grantee agrees not to disclose, directly or indirectly, to any other employee, director or consultant of TTEC or an Affiliate and to keep confidential all information related to any Awards granted to Grantee, pursuant to the Plan, including the amount of any such Award and its vesting schedule.

16. **SEVERABILITY AND ENTIRETY.** The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

    The Agreement (including the Plan) constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous agreements, oral or written, between the Company and Grantee relating to Grantee’s entitlement to RSUs or similar benefits, under the Plan.

17. **COUNTERPARTS**. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the

original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

18. **<u>Acceptance</u>**. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands its terms and provisions and accepts the RSU Award subject to the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon the grant or vesting of the RSUs or disposition of the underlying shares and that the Grantee has been advised to consult a tax advisor prior to such grant, vesting or disposition.

The parties have executed this Agreement as of the date first above written.

TTEC Holdings, Inc.

By: Reginal Paolillo, Chief Financial Officer

____

XX (Grantee)
Employee ID: XX
Grant Date:

For additional information about securities granted under this Agreement please refer to our 2020 Equity Incentive Plan document and related Prospectus incorporated herein by reference. These documents can be found on the Legal home page in Mosaic.

<u>APPENDIX A</u>

Executive Stock Ownership Guidelines

Equity provides the opportunity for the company to further invest in the employees who passionately uphold our values while driving the business with an entrepreneurial spirit. Company leaders who think and act like owners are crucial to our success and encouraging star players to actively participate in company growth is key to building our future together.

When a company's board of directors, shareholders and employees align their interest in organization's long- term success, the stage is set for true transformation. To that end, TTEC has adopted Stock Ownership Guidelines to encourage company leaders (vice president-level and above) to align their interests with TTEC and our stockholders and to focus on value creation, while sharing in the company's success. The following are answers to questions you may have about TTEC's new Executive Stock Ownership Guidelines.

Executive Stock Ownership Guidelines

Q. Why are we implementing an Ownership Guideline?

A. The Guidelines are designed to align our senior leaders' interests with our shareholders' interest, driving a long-term vision and commitment to creating company value. The Executive Ownership Guidelines are also designed to:

- Support confidence in company strategy to execute our business transformation
- Allow us to remain an attractive and competitive choice for executive-level talent by adopting best practices
- Align executive behavior with external shareholder expectation
- Drive long-term accountability
- Enable company success

Q. How much stock should I hold as a company leader?

A. The new Executive Stock Ownership Guidelines call for TTEC vice presidents and above to hold a multiplier of base compensation in TTEC stock (based on Fair Market Value (FMV) of stock as it trades on NASDAQ). Employees will have five years from the start of this requirement (or promotion into a new role) to meet the holding Guidelines.

Employee Level	Target Holding Amount within 5 Years
Chief Financial Officer	3 times current base salary
Executive Vice President	2.5 times current base salary
Senior Vice President	1.5 times current base salary
Group Vice President	0.5 times current base salary

Q. Do I have to buy TTEC stock to meet this holding Guideline?

A. TTEC does not expect you to buy TTEC stock to meet the holdings Guidelines, and how you meet them is entirely up to you. Most employees will be able to meet the requirement by holding a portion of their annual equity grant (net of tax), as it vests.

Q. How many shares should I consider holding from each RSU grant to meet the holding Guidelines?

A. How much you hold from each grant and from each vesting event is entirely up to you. Based on basic modeling, however, we believe that if you hold a percentage of each vesting event from annual Equity Grants (net of tax as indicated in the table below) you should comfortably reach the holding requirement in five years or sooner.

The holding guideline can be satisfied with any stock you hold including:

- the exercise of options to purchase the company's common stock
- the vesting of restricted stock; and
- the vesting of performance shares.

Employee Level	Guideline of Percentage of Net Shares to Hold
Executive Vice President	75%
Senior Vice President	75%
Group Vice President	50%

Once the holding target is reached, you should maintain it during your entire tenure in the role; and as your role changes be aware of the changes in the holding guidelines as well.

Q. Which holdings are considered in calculating my target holding amount?

A. The following holdings will be considered when measuring stock ownership:

shares owned outright, including shares owned jointly with a spouse;

- shares obtained through the exercise of stock options;
- shares issued upon the vesting of restricted stock and performance shares; and
- earned performance shares.

Q. What happens if I don't reach my target holding amount within the five-year time frame due to market volatility or amount of my equity awards?

A. If the actual Equity Grants you receive and/or market price volatility does not allow an employee to reach the target holding level within the required five-year time frame, the company does not expect employees to invest out of pocket. The company expects the Equity Grants you receive to be the source for the holding requirement and we look to you as a leader to exercise a good faith effort to honor the requirements. If the Equity Grants you receive or market volatility creates a challenge, discuss the matter with your supervisor and your HC partner for a practical resolution.

Q. What if I have a special situation (hardship) that makes maintaining the holding requirement difficult for me?

A. The Executive Ownership Guidelines is designed to align your interests with the company's interests and position you to share in our success. If your personal situation makes the compliance with the Ownership Guidelines a hardship, speak to your HC partner and the Executive Committee level executive responsible for your business segment for guidance and support.

Q. Whom should I contact with questions?

A. If you have questions, please contact Pam LeMasters, executive director, Global Compensation via email or by phone at 303.397.8531.

APPENDIX B

RSU VESTING FOLLOWING CHANGE IN CONTROL (DOUBLE TRIGGER).

1. **ACCELERATED VESTING**. Notwithstanding the vesting schedule contained in Section 3 of the Restricted Stock Unit Award Agreement, (a) upon a "Change in Control" (as defined below), and (ii) if Grantee's services for the Company (or its successors) terminate on or before the one year anniversary of such Change in Control, any unvested RSUs that would otherwise vest on or after the effective date of such Change in Control shall be accelerated and become 100% vested on the effective date of such termination of services; provided, however, that the accelerated vesting described here shall not apply if the termination of services is (A) by Grantee for any reason other than for "Good Reason" (as defined below), or (B) by the Company (or successor) for "Cause" (as defined below).

2. **DEFINITION OF "CHANGE IN CONTROL".** For purposes of this Agreement, "Change in Control" means the occurrence of any one of the following events:

   a. Any consolidation, merger or other similar transaction (i) involving TTEC, if TTEC is not the continuing or surviving corporation, or (ii) which contemplates that all or substantially all of the business and/or assets of TTEC will be controlled by another corporation;

   b. Any sale, lease, exchange or transfer (in one transaction or series of related transactions) of all or substantially all of the assets of TTEC (a "Disposition"); provided, however, that the foregoing shall not apply to any Disposition to a corporation with respect to which, following such Disposition, more than 51% of the combined voting power of the then outstanding voting securities of such corporation is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of at least 51% of the then outstanding Common Stock and/or other voting securities of TTEC immediately prior to such Disposition, in substantially the same proportion as their ownership immediately prior to such Disposition;

   c. Approval by the stockholders of TTEC of any plan or proposal for the liquidation or dissolution of TTEC, unless such plan or proposal is abandoned within 60 days following such approval;

   d. The acquisition by any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the U.S. Securities Exchange Act of 1934, as amended), or two or more persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the U.S. Securities Exchange Act of 1934, as amended) of 51% or more of the outstanding shares of voting stock of TTEC; provided, however, that for purposes of the foregoing, "person" excludes Kenneth D. Tuchman and his affiliates; provided, further that the foregoing shall exclude any such acquisition (A) by any person made directly from TTEC, (B) made by TTEC or any Affiliate, or (C) made by an employee benefit plan (or related trust) sponsored or maintained by TTEC or any Affiliate; or

   e. If, during any period of 15 consecutive calendar months commencing at any time on or after the Grant Date, those individuals (the "Continuing Directors") who either (i) were directors of TTEC on the first day of each such 15-month period, or (ii) subsequently became directors of TTEC and whose actual election or initial nomination for election subsequent to that date was approved by a majority of the Continuing Directors then on the board of directors of TTEC, cease to constitute a majority of the board of directors of TTEC.

3. **Other Definitions**. The following terms have the meanings ascribed to them below:

a. "Cause" has the meaning given to such term in the Plan.

b. "Good Reason" means with respect to any Grantee who is an employee

(i) any material reduction in Grantee's base salary; provided that a reduction in Grantee's base salary of 10% or less does not constitute "Good Reason" if such reduction is affected in connection with a reduction in compensation that is applicable generally to officers and senior management of the Company;

(ii) Grantee's responsibilities or areas of supervision within TTEC or its Subsidiaries are substantially reduced; or

(iii) Grantee's principal office is relocated outside the metropolitan area in which Grantee's office was located immediately prior to the Change in Control; provided, however, that temporary assignments made in the best interest of the Company's business shall not constitute such a move of office location.

(iv) In addition, no termination of a Grantee's employment or service shall be deemed to be for Good Reason unless (x) Grantee provides the Company with written notice setting forth the specific facts or circumstances constituting Good Reason within thirty (30) days after the initial existence of the occurrence of such facts or circumstances, (y) the Company or, if different, the Affiliate which employs Grantee has failed to cure such facts or circumstances within thirty (30) days of its receipt of such written notice, and (z) the effective date of the termination for Good Reason occurs no later than ninety (90) days after the initial existence of the facts or circumstances constituting Good Reason.

c. "Termination of Service Date" means the date upon which Grantee's services for the Company (or successor) terminate and for a Grantee who is then an employee, shall mean the latest day on which Grantee is expected to report to work and is responsible for the performance of services to or on behalf of the Company (or successor) or any Affiliate (regardless of the reason for the ttermination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Grantee is employed or the terms of Grantee's employment agreement, if any), notwithstanding of any notice period mandated by law during which Grantee may be entitled to receive payments from the Company (e.g., for unused vacation or sick time, severance payments, deferred compensation or otherwise) and which may extend beyond such date; and

d. "Termination of Service " shall mean:

(i) As to a director, the time when a Grantee who is a director ceases to be a director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Grantee simultaneously commences employment with the Company (successor) or any subsidiary or remains in employment or service with the Company (or successor) or any Affiliate in any capacity.

(ii) As to an employee, the time when the employee-employer relationship between a Grantee and the Company (or successor) or any Affiliate is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Grantee simultaneously commences service with TTEC as a director.

(iii) As to a consultant, the time when a Grantee who is a consultant ceases to be a consultant for any reason, including without limitation, completion of a contract term, failure to renew the consultant relationship, death or retirement, but excluding terminations where the Grantee simultaneously commences service with TTEC as an employee.).

4. **409A Treatment.** Notwithstanding any provision herein to the contrary, for purposes of determining whether Grantee's service for the Company have terminated with respect to Change in Control, Grantee will not be treated as having his/her services terminated unless such termination constitutes a "separation from service" as defined for purposes of Section 409A of the Code ("Section 409A") with regard to Grantees who are subject to Section 409A. If Grantee has a "separation from service" following a Change in Control pursuant to Appendix B, the RSUs vesting as a result of such "separation from service" will be paid on a date determined by TTEC (or successor) within 5 days of Grantee's "separation from service." If Grantee is a "specified employee" (within the meaning of Section 409A) with respect to TTEC at the time of a "separation from service" and Grantee becomes vested in RSUs as a consequence of a "separation from service," the delivery of property in settlement of such vested RSUs shall be delayed until the earliest date upon which such property may be delivered to Grantee without being subject to taxation under Section 409A.

This Agreement and the Award are intended to be exempt from the provisions of Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder, as providing for any payments to be made within the applicable "short-term deferral" period (within the meaning of Section 1.409A-1(b)(4) of the Department of Treasury regulations) following the lapse of a "substantial risk of forfeiture" (within the meaning of Section 1.409A-1(d) of the Department of Treasury regulations). Notwithstanding any provision of this Agreement to the contrary, in the event that the Committee determines that the Award may be subject to Section 409A, the Committee, in its sole discretion, may adopt amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, from time to time, without the consent of Grantee, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A and related Department of Treasury guidance and thereby avoid the application of penalty taxes under Section 409A.

APPENDIX D

SPECIAL PROVISIONS FOR THE AWARD IN CERTAIN COUNTRIES

This Appendix includes special country-specific terms that apply to residents in the countries listed below. This Appendix is part of the Agreement and is incorporated into the Agreement by reference. Unless otherwise provided below, capitalized terms used but not defined in this Appendix shall have the same meanings assigned to them in the Plan and the Agreement.

This Appendix also includes information with respect to Grantee's participation in the Plan. It is each Grantee's responsibility to be aware of the terms of this Appendix. For example, certain individual exchange control reporting requirements may apply upon vesting of the RSUs and/or sale of Common Stock. The information is based on the securities, exchange control and other laws in effect in the respective countries as of July 1, 2021 and is provided for informational purposes. Such laws are often complex and change frequently, and results may be different based on the particular facts and circumstances. Therefore, TTEC strongly recommends that Grantee **not rely exclusively on the information noted** in this Appendix as the only source of information relevant to the consequences of Grantee's participation in the Plan, because the information may be out of date at the time Grantee's RSUs vest or are settled, or Grantee sells shares of Common Stock acquired under the Plan.

In addition, the information provided in this Appendix is general in nature and may not apply to Grantee's particular situation, and TTEC is not in a position to assure Grantee of any particular result, especially results that may relate to the Grantee's particular tax consequences. Accordingly, Grantees are advised to seek appropriate professional advice as to how the relevant laws in their country may apply to their particular situation.

Finally, if Grantee is a citizen or resident of a country other than the one in which Grantee currently is working, transfers employment after the RSUs are granted, or is considered a resident of another country for local law purposes, the information contained in this Appendix may no longer be applicable to Grantee or information with respect to different country may become relevant.

If the Grantee is resident in a country other than the U.S. or a country listed in this Appendix, at the time of the RSU Award or at the time of its vesting or settlement, the Grantee should consider reach out to his/her HC partner for additional information.

AUSTRALIA

Securities Law Information. If Grantee acquires shares of Common Stock pursuant to the RSUs and offers the shares of Common Stock for sale to a person or entity resident in Australia outside of the process established by the Company, the offer may be subject to incremental disclosure requirements under Australian law. Grantee should obtain legal advice on such disclosure obligations, if any, prior to making any such offer.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD$10,000 and for international fund transfers. The Australian bank assisting with the transaction will file the report for Grantee. If there is no Australian bank involved in the transfer, Grantee will have to file the report.

Belgium

Foreign Asset / Account Reporting Information. Grantee is required to report any securities (e.g., shares of Common Stock) or bank accounts opened and maintained outside Belgium on their annual tax return. In a separate report, certain details regarding such foreign accounts (including the account number, bank name and country in which such account was opened) must be provided to the Central Contact Point of the National Bank of Belgium. The forms to complete this report are available on the website of the National Bank of Belgium.

Stock Exchange Tax. A stock exchange tax applies to transactions executed by a Belgian resident through a financial intermediary, such as a bank or broker. If the transaction is conducted through a Belgian financial intermediary, it may withhold the stock exchange tax, but if the transaction is conducted through a non-Belgian financial intermediary, the Belgian resident may need to report and pay the stock exchange tax directly. The stock exchange tax likely will apply when shares of Common Stock acquired under the Plan are sold. Belgian residents should consult with a personal tax or financial advisor for additional details on their obligations with respect to the stock exchange tax.

Brokerage Account Tax. A brokerage account tax applies to Belgian residents if the average annual value of securities (including shares of Common Stock acquired under the Plan) held in a brokerage account exceeds certain thresholds. Belgian residents should consult with a personal tax or financial advisor for additional details on their obligations with respect to the brokerage account tax.

Brazil

Compliance with Laws. By Grantee's signature on the Agreement, Grantee agrees that he/she will comply with Brazilian law when he/she vests in the RSUs and sells shares of Common Stock. Grantee also agrees to report and pay any and all taxes associated with the vesting of the RSUs, the sale of the shares of Common Stock acquired pursuant to the Plan and the receipt of any dividends.

Exchange Control Information. Grantee must prepare and submit a declaration of assets and rights held outside of Brazil to the Brazilian Central Bank on an annual basis, if Grantee holds assets or rights denominated in foreign currency and valued at or in excess of US $100,000. The assets and rights that must be reported include shares of Common Stock and RSUs .

Bulgaria

No Entitlement. By accepting the RSU Award, Grantee acknowledges that the RSU Award is intended as an incentive for Grantee to remain employed with the Company and is not intended as remuneration for labor services performed.

<u>Responsibility for taxes</u>. Without limitation to Section 7 of the Agreement, Grantee agrees that Grantee is liable for any and all tax arising as a result of this Award, including income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other payments, whether or not subject to withholding at the source ("Tax-Related Items") and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or any tax authority. Bulgarian residents should consult with a personal tax or financial advisor for additional details on their obligations with respect to the Tax-Related Items.

<u>CANADA</u>

<u>Settlement of RSUs</u>. Notwithstanding any terms and conditions of the Plan or the Agreement to the contrary, RSUs will be settled in shares of Common Stock only, not cash.

Securities Law Information. Grantee acknowledges and agrees that Grantee will sell shares of Common Stock acquired through participation in the Plan outside of Canada only through the facilities of a stock exchange on which the Common Stock is listed. Currently, the shares of Common Stock are listed on the Nasdaq Stock Market.

<u>Termination Date</u>. This provision replaces the definition of Termination Date in Section 3(a) of the Agreement:

For purposes of the Agreement, the "<u>Termination Date</u>" shall mean the earlier of (1) the date Grantee is no longer actively providing service to the Company or (2) the date Grantee receives notice of Termination of Service from the Employer, regardless of any notice period or period of pay in lieu of such notice required under applicable laws (including, but not limited to statutory law, regulatory law and/or common law).

The following provisions apply if Grantee is resident in Quebec:

<u>Language Acknowledgment</u>

The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, including this Appendix, be provided to them in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, ainsi que cette Annexe, soient rédigés en langue anglaise.

<u>Data Privacy</u>. This provision supplements Section 11 of the Agreement:

Grantee hereby authorizes TTEC, the Employer and their representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Grantee further authorizes TTEC and its Subsidiaries to disclose and discuss the Plan with their advisors. Grantee further authorize TTEC and its Subsidiaries to record such information and to keep such information in Grantee's employee file.

Costa Rica

There are no special provisions.

Germany

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. In case of payments in connection with the sale of shares of Common Stock acquired under the Plan, the report must be filed electronically by the 5th day of the month following the month in which the payment was received. The form of report ("*Allgemeine Meldeportal Statistik*") can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. It is Grantee's responsibility to comply with this reporting obligation and Grantee should consult with their personal tax advisor in this regard.

Foreign Asset/Account Reporting Information. If Grantee's acquisition of shares of Common Stock under the Plan leads to a "qualified participation" at any point during the calendar year, Grantee will need to report the acquisition when Grantee files their tax return for the relevant year. A "qualified participation" is attained if (i) the value of the shares of Common Stock acquired exceeds a certain threshold or (ii) in the unlikely event Grantee holds shares of Common Stock exceeding a certain threshold of the total Common Stock.

Greece

Vesting and Issuance of Shares; Dividend Equivalents. Notwithstanding any provisions of the Agreement to the contrary, and for purposes of the RSU Award under this Agreement only, if the Grantee's employment terminates due to retirement, as that concept is defined under the relevant provisions of Greek labor law on retirement, the shares of Common Stock subject to the RSUs shall continue to vest according to the schedule set forth in the Agreement, notwithstanding such retirement related termination of employment.

India

Exchange Control Notification. Grantees understand and acknowledge that they must repatriate to India any proceeds from the sale of shares of Common Stock acquired under the Plan and any cash dividends received in relation to such shares; and to convert such repatriated funds into local currency within ninety (90) days of receipt, and any cash dividends paid on shares of Common Stock acquired under the Plan within hundred and eighty (180) days of receipt or for both foregoing scenarios such other period as required under applicable regulations. Grantee must obtain a Foreign Inward Remittance Certificate ("FIRC") from the bank where Grantee deposits the foreign currency and shall maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Company requests proof of repatriation. It is Grantee's responsibility to comply with these requirements.

Foreign Asset / Account Reporting Information. Grantee is required to declare any foreign bank accounts and assets (including shares of Common Stock acquired under the Plan) on their annual tax return. Grantees should consult with their personal tax advisors to determine their reporting requirements.

IRELAND

Manner of Payment. Notwithstanding any discretion provided in the Plan or the Agreement to the contrary, upon vesting of the RSUs, shares will be issued to Grantee. In no event will the RSU Award be paid to Grantee in the form of cash.

Exclusion from Termination Indemnities and Other Benefits. By accepting the RSUs, Grantee acknowledges, understands, and agrees that the benefits received under the Plan are not a remuneration for past services but an incentive provided for future loyalty and will not be taken into account for any redundancy or unfair dismissal claim.

MEXICO

Labor Law Policy and Acknowledgment. By Grantee's signature on the Agreement, Grantee expressly recognize that TTEC Holdings, Inc., with offices at 9197 South Peoria Street, Englewood, Colorado, U.S.A., is solely responsible for the administration of the Plan and that Grantee's participation in the Plan and acquisition of shares does not constitute an employment relationship between Grantee and TTEC Holdings Inc., nsince Grantee is participating in the Plan on a wholly commercial basis and his or her sole employer is TTEC CX Solutions Mexico, S.A. de C.V. located in Mexico ("TTEC-Mexico"), not TTEC Holdings, Inc., a company in the United States. Based on the foregoing, Grantee expressly recognizes that the Plan and the benefits that Grantee may derive from participation in the Plan do not establish any additional rights between Grantee and TTEC-Mexico (his/her employer), and do not form a part of the employment conditions and/or benefits provided by TTEC-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of his/her employment.

Grantee further understands that his/her participation in the Plan is a result of a unilateral and discretionary decision of TTEC Holdings, Inc.; therefore, TTEC reserves the absolute right to amend and/or discontinue Grantee's participation at any time without any liability to him or her.

Finally, Grantee hereby declares that he or she does not reserve to himself or herself any action or right to bring any claim against TTEC for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Grantee therefore grants a full and broad release to TTEC, its Affiliates, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Política Laboral y Reconocimiento/Aceptación. *Aceptando este Premio*[1]*, el Grantee ("Grantee") reconoce que TTEC, con oficinas en 9197 South Peoria Street, Englewood, Colorado, U.S.A., es el único responsable de la administración del Plan y que la participación del Grantee en el mismo y la adquisicion de acciones no constituye de ninguna manera una relación laboral entre el Grantee y TTEC, toda vez que la participación del participante en el Plan deriva únicamente de una relación comercial con TTEC, reconociendo expresamente que el único empleador del participante lo es TTEC CX Solutions Mexico, S.A. de C.V.. en Mexico ("TTEC-Mexico"), no es TTEC en los Estados Unidos. Derivado de lo anterior, el participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el participante y su empleador, TTEC-México, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por TTEC-México, y expresamente el participante reconoce que cualquier modificación el Plan o la terminación del mismo de manera alguna podrá ser interpretada como una modificación de los condiciones de trabajo del Grantee.*

Asimismo, el Grantee entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de TTEC, por lo tanto, TTECse reserva el derecho absoluto para modificar y/o terminar la participación del participante en cualquier momento, sin ninguna responsabilidad para el Grantee.

Finalmente, el Grantee manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de TTEC, por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el participante otorga un amplio y total finiquito a TTEC, sus entidades relacionadas, Afiliadas, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.

NETHERLANDS

No Entitlement. By accepting the RSUs, Grantee acknowledges that the RSU is intended as an incentive for Grantee to remain employed with the Company and is not intended as remuneration for labor performed.

NEW ZEALAND

There are no special provisions.

PHILIPPINES

Securities Law Information. The sale or disposal of shares of Common Stock acquired under the Plan may be subject to certain restrictions under Philippine securities laws. Such restrictions should not apply if the offer and resale of the shares of Common Stock takes place outside of the Philippines through the facilities of a stock exchange on which the shares of Common Stock are listed. The shares of Common are currently listed on the Nasdaq Stock Market in the United States of America.

[1] *El término "Premio" se refiere a la palabra "RSU"*

Poland

Foreign Asset/Account Reporting Information. If Grantee maintains bank or brokerage accounts holding cash and foreign securities (including shares of Common Stock) outside of Poland, Grantee will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds PLN 7,000,000. If required, such reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

Exchange Control Information. The transfer of funds in excess of a certain threshold (currently €15,000, unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply) into or out of Poland must be made through a bank account in Poland. Grantee understands that he or she is required to store all documents connected with any foreign exchange transactions for a period of five years, as measured from the end of the year in which such transaction occurred. Grantee should consult with their personal legal advisor to determine what he or she must do to fulfill any applicable reporting/exchange control duties.

United Kingdom

Responsibility for Taxes. This provision supplements Section 7 of the Agreement: Without limitation to Section 7 of the Agreement, Grantee agrees that Grantee is liable for any and all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related withholding ("Tax-Related Items") and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or by Her Majesty's Revenue and Customs ("HMRC") or any other tax authority or any other relevant authority. Grantee also agrees to indemnify and keep indemnified the Company against any Tax–Related Items that he/she is required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Grantee's behalf.

Notwithstanding the foregoing, if Grantee is a director or executive officer (within the meaning of Section 13(k) of the Exchange Act, as amended), Grantee understands that they may not be able to indemnify the Company for the amount of any Tax-Related Items not collected from or paid by Grantee, in which case the indemnification could be considered to be a loan. In this case, the Tax-Related Items not collected or paid may constitute a benefit to Grantee on which additional income tax and National Insurance contributions ("NICs") may be payable. Grantee understands that he/she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company the amount of any NICs due on this additional benefit, which may also be recovered from Grantee by any of the means referred to in Section 7 of the Agreement.

Manner of Payment. Notwithstanding any discretion in the Plan or the Agreement to the contrary, upon vesting of the RSUs, shares of Common Stock will be issued to Grantee. In no event will the RSU Award be paid to Grantee in the form of cash.

Furthermore, notwithstanding any provision of the Plan or the Agreement to the contrary, Grantee will not be entitled to receive any shares of Common Stock pursuant to the vesting of the RSUs unless and until Grantee has executed a Joint Election (as defined below) in connection with the RSUs.

<u>Joint Election</u>. As a condition of the grant of RSUs, Grantee agrees to accept any liability for secondary Class 1 National Insurance contributions (the “Employer NICs”) which may be payable by the Company with respect to the vesting of the RSUs or otherwise payable with respect to a benefit derived in connection with the RSUs.

Without limitation to the foregoing, Grantee agrees to execute a joint election between the Company and Grantee (the “Joint Election”), the form of such Joint Election being formally approved by HMRC, and any other consent or election required to accomplish the transfer of the Employer NICs to Grantee. Grantee further agrees to execute such other joint elections as may be required between Grantee and any successor to the Company. If Grantee does not enter into a Joint Election, no shares of Common Stock shall be issued to Grantee without any liability to the Company. Grantee further agrees that the Company may collect the Employer NICs from Grantee by any of the means set forth in the Agreement.

The Joint Election shall be provided to the Grantee at the time of the RSU Award. If Grantee has signed a Joint Election in the past with respect to an RSU Award granted to them by the Company and that Joint Election applies to all grants made under the Plan, Grantee need not sign another Joint Election in connection with this RSU Award.

Exhibit 31.1

CERTIFICATIONS

I, Kenneth D. Tuchman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TTEC Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2021

By: /s/ KENNETH D. TUCHMAN
Kenneth D. Tuchman
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Regina M. Paolillo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TTEC Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2021

By: /s/ REGINA M. PAOLILLO
Regina M. Paolillo
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer of TTEC Holdings, Inc. (the "Company"), hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the quarter ended June 30, 2021 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ KENNETH D. TUCHMAN
Kenneth D. Tuchman
Chairman and Chief Executive Officer

Date: August 3, 2021

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Financial Officer of TTEC Holdings, Inc. (the “Company”), hereby certifies that, to her knowledge on the date hereof:

(a) the Form 10-Q of the Company for the quarter ended June 30, 2021 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ REGINA M. PAOLILLO
Regina M. Paolillo
Chief Financial Officer

Date: August 3, 2021